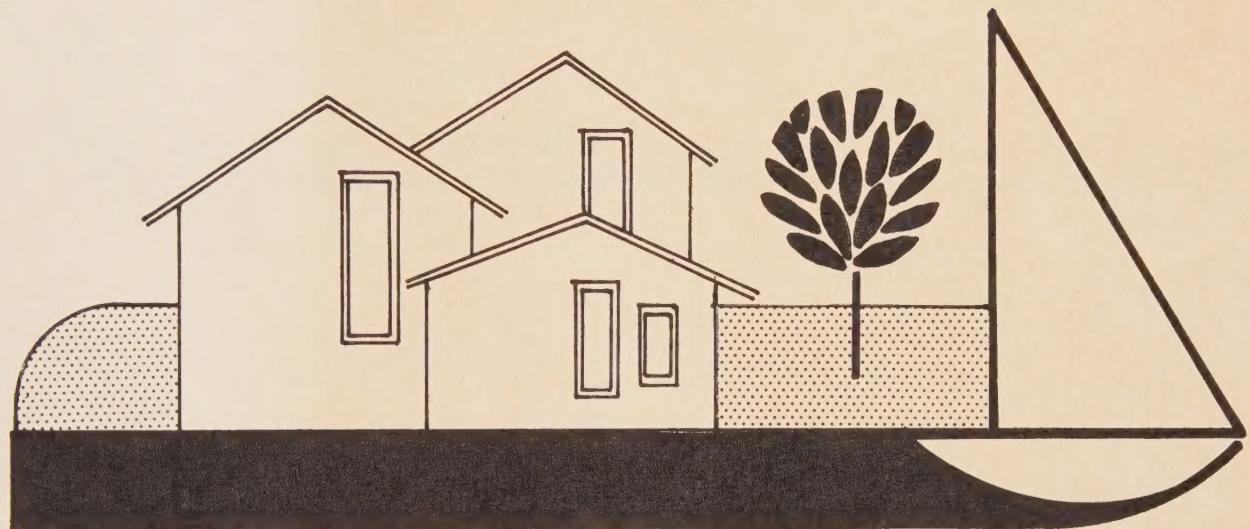


HOUSING ELEMENT



of the Foster City General Plan

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HOUSING ELEMENT OF THE FOSTER CITY GENERAL PLAN

Recommended by the Planning Commission, July 11, 1985 Per Resolution No. P-93-85
Adopted by the City Council, March 3, 1986 Per Resolution No. 86-46

City Council

Riho Martinson, Mayor
John Oliver, Vice Mayor
Thomas Battaglia
Roger Chinn
Robert J. Fitzgerald

City Planning Commission

James P. Dierkes, Chairperson
Aysun Kundupoglu, Vice Chairperson
Carl H. Dittmar, Jr.
Robert J. Fitzgerald (at time of adoption)
Gerald T. Haugh

Department of Planning and Development Services

David E. Miller, Director of Public Works and Community Development (former)
Richard B. Marks, Director
Rory Anne Walsh, Associate Planner

Consultant

Connerly and Associates, Inc.
Jeff Goldman, Senior Planner

RESOLUTION NO. 86-42

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FOSTER CITY AMENDING THE FOSTER CITY GENERAL PLAN BY ADOPTION OF A REVISED HOUSING ELEMENT (GP-1-85)

CITY OF FOSTER CITY

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FOSTER CITY, as follows:

WHEREAS, Section 65580 of the California Government Code requires cities and counties to prepare local Housing Elements as part of their General Plan and sets forth regulations in Sections 66380-65589 of the California Government Code to be followed in the preparation of local Housing Elements; and

WHEREAS, on August 5, 1985, the City Council of the City of Foster City did adopt a Negative Declaration of Environmental Impact (SCH #85060404, EA-30-85) dated May 31, 1985, with mitigation measures identified therein in regard to the proposed Housing Element; and

WHEREAS, the Planning Commission of the City of Foster City held a Public Hearing on June 20, 1985, and continued the Public Hearing to July 11, 1985, at which time all persons interested were given the opportunity to present testimony and be heard; and

WHEREAS, on July 11, 1985, the Planning Commission of the City of Foster City recommended to the City Council that it adopt the Draft Housing Element and direct staff to send the Draft Housing Element to the State Department of Housing and Community Development (HCD); and

WHEREAS, on August 5, 1985, the City Council did review the Draft Housing Element and did direct staff to submit said document for review; and

WHEREAS, on August 12, 1985, staff submitted the Draft Housing Element and received comments from HCD on October 25, 1985; and

WHEREAS, the City's Housing Element consultant, Connerly and Associates, did respond to the HCD comments and modified the Housing Element accordingly; and

WHEREAS, a Notice of Public Hearing was duly posted for consideration of the General Plan amendment at the City Council meeting of March 3, 1986, and on said date, the Public Hearing was opened, held, and closed.

NOW, THEREFORE, BE IT RESOLVED that the City Council finds:

1. The proposed General Plan Amendment of the Housing Element will not be detrimental to the health, safety, morals, comfort or general welfare of the persons or property in the neighborhood or to the City of Foster City.

2. The proposed Housing Element is in conformance with the requirements of Government Code Section 65580, which requires that all cities adopt such elements, and that all adopted elements contain specific information (which this Housing Element does adequately contain).

BE IT FURTHER RESOLVED that the City Council of the City of Foster City adopts the proposed Housing Element and herewith incorporates it into the General Plan of the City of Foster City.

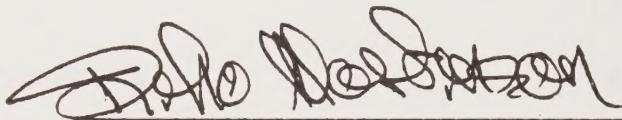
PASSED AND ADOPTED as a resolution of the City Council of the City of Foster City at the regular meeting held on the 3rd day of March, 1986, by the following vote:

AYES: Councilmen Chinn, Fitzgerald, Oliver and Mayor Martinson

NOES: None

ABSENT: Councilman Battaglia

ABSTAIN: None



RIHO MARTINSON, MAYOR

ATTEST:



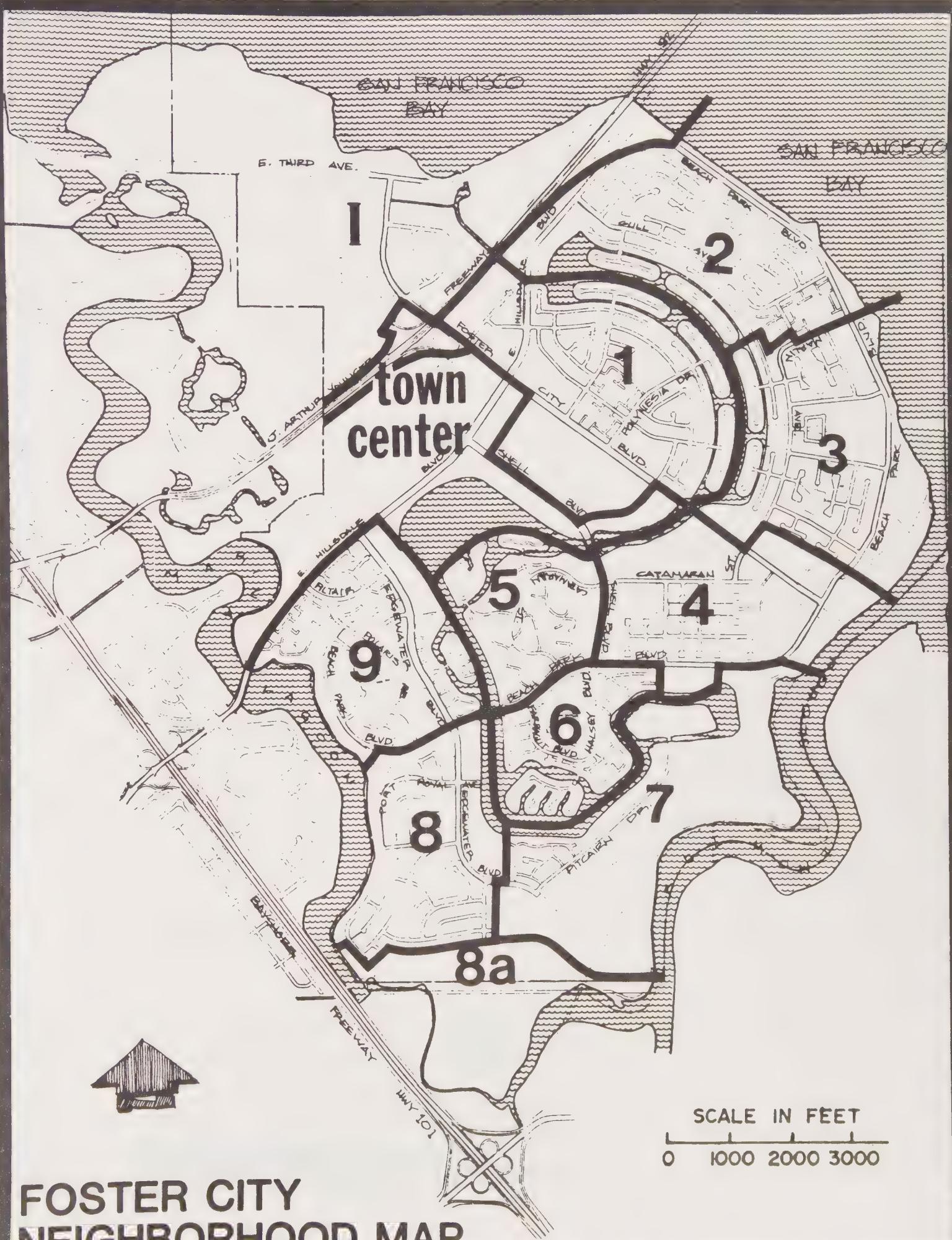
MARVELL L. HERREN, CITY CLERK

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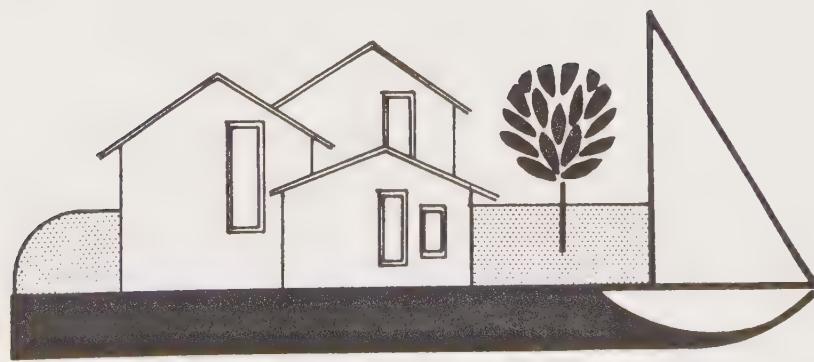
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FOSTER CITY NEIGHBORHOOD MAP

INTRODUCTION



Housing represents one of the three basic necessities that every human being requires to lead a healthy, productive life. Housing also provides a vital link between the social and economic forces that govern the daily activities of individuals. A community's housing stock conveys important information about the people who live in that community and their needs. Housing usually constitutes the most prevalent land use in a community (this is certainly the case for Foster City) and, therefore, reflects the physical, economic, and social character of the community.

The Housing Element of the General Plan contains the City's statement of the character and condition of its housing stock and the people who live and work in Foster City. The element identifies any special housing problems and needs of Foster City's residents and projects the future housing needs of the City. Most important, the Housing Element contains goals, policies, and programs to address the City's identified housing needs.

The focus of the policies in the Housing Element is on three major issues:

- * Preservation of high level of quality of the existing housing stock.
- * Use of a negotiated planned development process for the City's remaining vacant residential sites.
- * Maintenance of a sufficient distribution of housing by type, tenure, and costs to meet Foster City's present and future housing needs.

The Housing Element contains the following sections:

- * A statement of goals, policies, and implementing programs. Whenever possible, the programs have been given definite time frames and numerical objectives by which to judge program performance.
- * An analysis of population characteristics by household composition, age, income, and ethnicity. Population forecasts are provided and the special needs of particular groups identified.
- * An analysis of employment characteristics and trends and the relationship between future employment and housing demand.
- * A description of the characteristics of the City's housing stock, including housing condition, age, cost, tenure, use, and type.
- * An inventory of vacant land and the maximum number of housing units that can be constructed in Foster City.

- * An evaluation of the effects, positive and negative, that government actions, economic forces, and environmental conditions may have on the housing market in Foster City.

The Housing Element of the Foster City General Plan was prepared in accordance with the state requirements of Government Code Sections 65580 to 65589. The state law prescribes the factors that local governments must evaluate in assessing their housing needs.

Citizen Participation

Foster City residents will be invited to participate in public hearings on this housing element to be conducted by the Planning Commission and the City Council. Any subsequent amendments to this element will also be subject to citizen review and comments at public hearings.

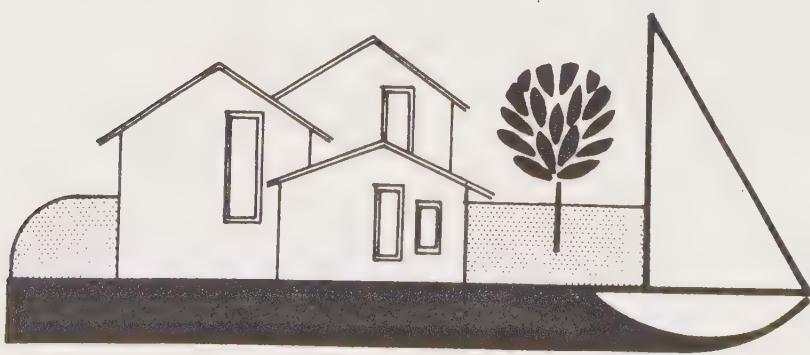
Data Sources

Except as otherwise noted, the information used to update the Housing Element was derived from the 1980 federal Census.

Updates

State law requires that this element be periodically examined to determine the effectiveness of the City's housing programs and revised no later than January 1, 1990.

A COMMUNITY PROFILE



Summary

Foster City is a relatively new, planned community that developed during the past twenty years from a virtually undeveloped county area to an incorporated City of 24,450 residents (as estimated by the California Department of Finance for January 1985). Based on the projects that are under construction, have been approved, or are pending on the City's remaining vacant residential and commercial land, the City will achieve a total residential population of approximately 31,300 with 12,343 housing units. Between 14,700 and 15,200 additional jobs will be created from approved and pending commercial development. The estimated year of "build-out" is 1990.

Foster City, as have most communities, has experienced gradual changes in the household composition of its residents. These changes have been reflected mainly in a decline in the number of children per household and the aging of the City's population. Since 1970, the average household size in Foster City has decreased from 3.3 to between 2.6 and 2.7. The median age of the City's residents has increased from 26.6 in 1970 to 32.0 in 1980.

In comparison to San Mateo County, Foster City's population is somewhat younger and family sizes somewhat larger. In 1980, San Mateo County's median age was 32.9 and its average household size 2.58.

Figure 1 shows the 1980 distribution of Foster City's population by age. Just under 11 percent of the City's population is 65 years and older (about the same as in San Mateo County), and nearly 24 percent of the residents are children under 18 years of age (again, about the same as in San Mateo County). A noticeable shift, however, has occurred in the City's age distribution since 1970. At that time only 2% of the City's residents were 65 years and older, while 41% of the residents were under 18 years of age.

The decline in the primary and secondary school age population has affected the San Mateo Union High School District's decision to build Marina High School. While a High School is an important feature in a community, present enrollment does not support the development of this type of school facility.

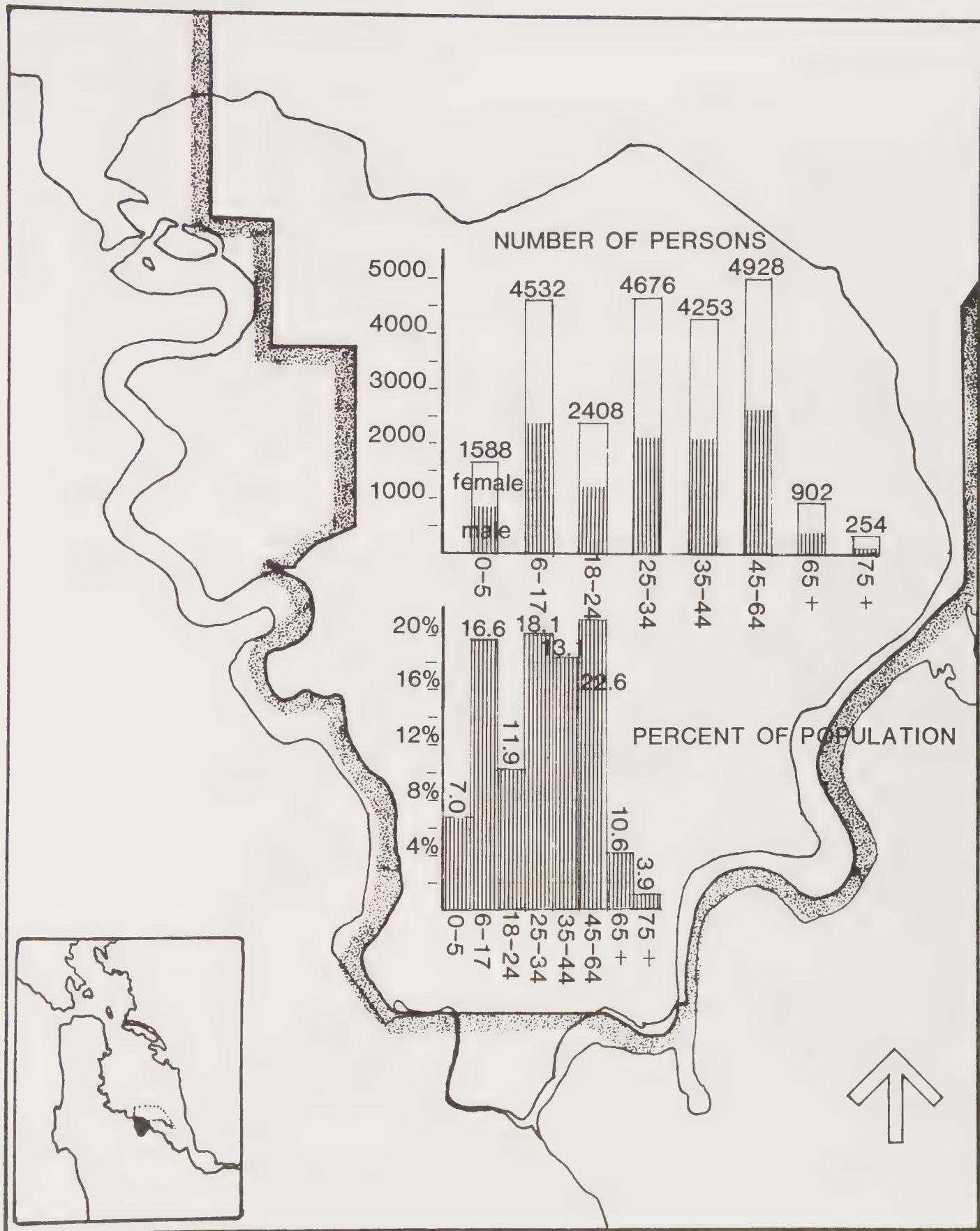


FIGURE 1
POPULATION BY AGE
(1980)

Ethnicity

Foster City's ethnic and racial composition is shown in Figure 2. Nearly 82 percent of the City's residents characterized themselves as white, 4 percent as black, 12% as of Asian origin, and 2% as Native American or "other." This compares to a countywide population that was 79 percent white, 6 percent black, 10 percent Asian origin, and 5 percent Native American or "other." About 6 percent of Foster City's residents considered themselves to be of Spanish origin in 1980. The Spanish origin figure for the County was about 12 percent.

The ethnic and racial composition has changed somewhat since 1970, when 90 percent of the population was white, 2 percent black, 7 percent of Asian origin, and 1 percent Native American or other racial minority.

Household Composition

Family patterns and household living arrangements have changed quite dramatically nationwide over the past 15 years. Foster City is no exception to this trend. At the time of the 1970 Census, the "nuclear" family, consisting of a married couple with children, comprised the majority of household types in Foster City. At the time of the 1980 Census, however, married couples with children comprised only 32 percent of all households in Foster City. Figure 3 shows the 1980 household composition of Foster City. Married couples without children represented the second most prevalent household type (27%) followed by single persons (22%) and non-family households (8%).

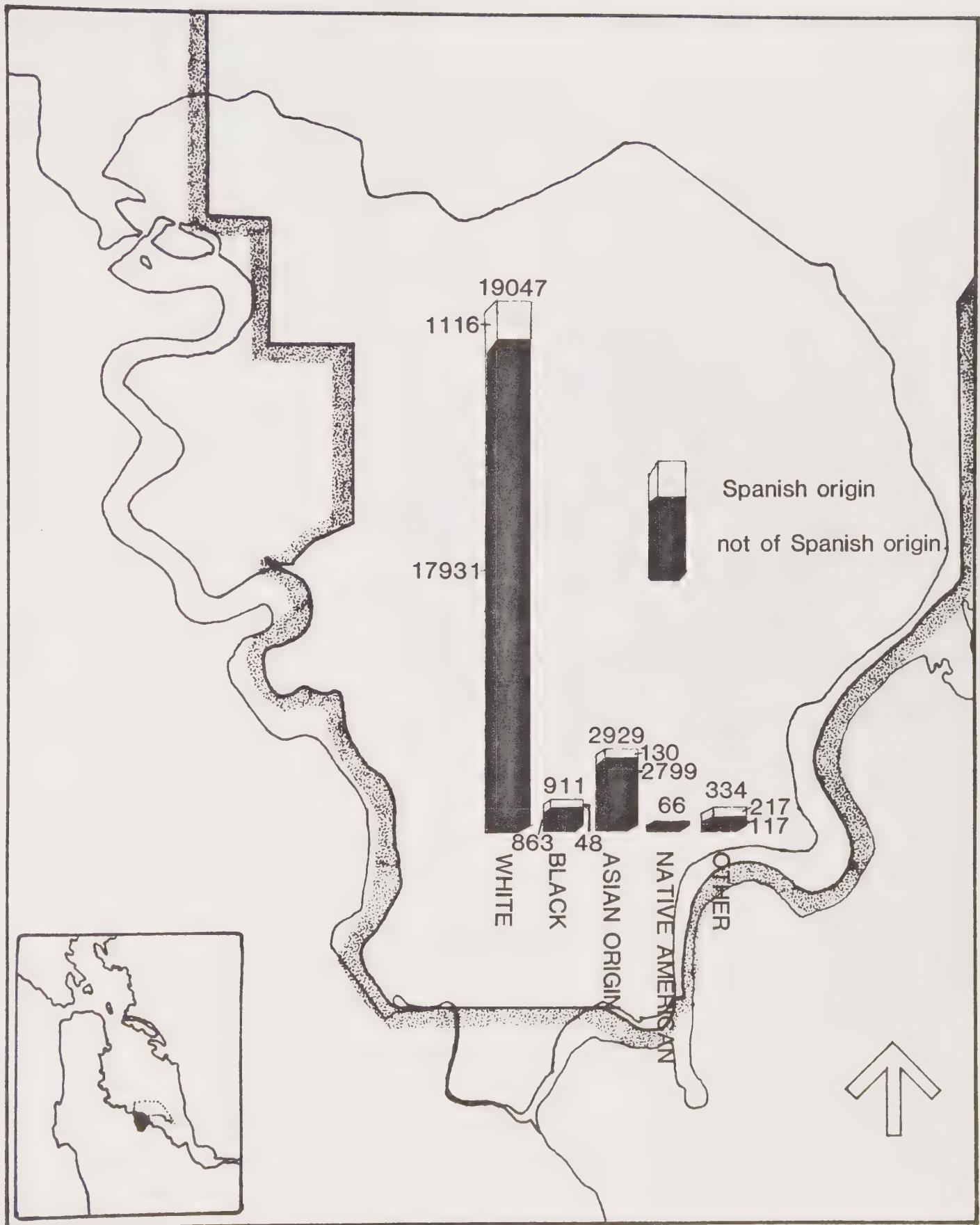
There were 448 single women with children in Foster City in 1980, or 5 percent of all households. Of these 488 women, 91 had children under 6 and 357 had children between the ages of 6 and 17.

Income

The median income for all households in Foster City in 1980 was \$30,131, compared to \$23,175 for all of San Mateo County. Family households had a median income of \$33,353 in Foster City and \$27,279 in all of San Mateo County. Figures 4, 4A, and 5 provide information on income in Foster City.

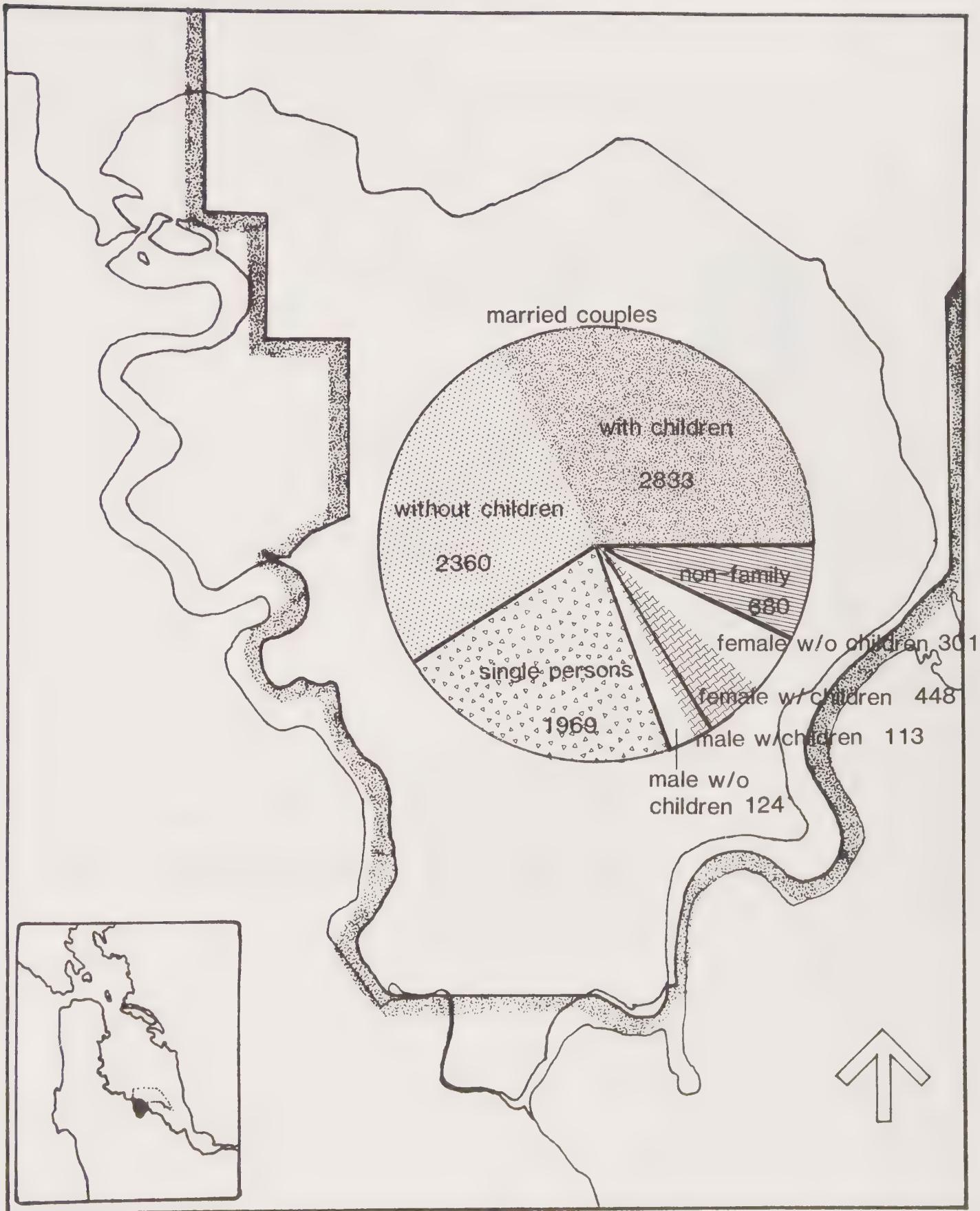
Figure 4 shows that Foster City contained a substantially greater percentage of households which earned over \$30,000. San Mateo County had a much greater concentration of residents earning \$20,000 or less than did Foster City.

One method of comparing a community's income distribution with the regional income distribution is to calculate the number of households or families that are within each of four generally accepted income groupings expressed as a percentage of the regional median income. The median income



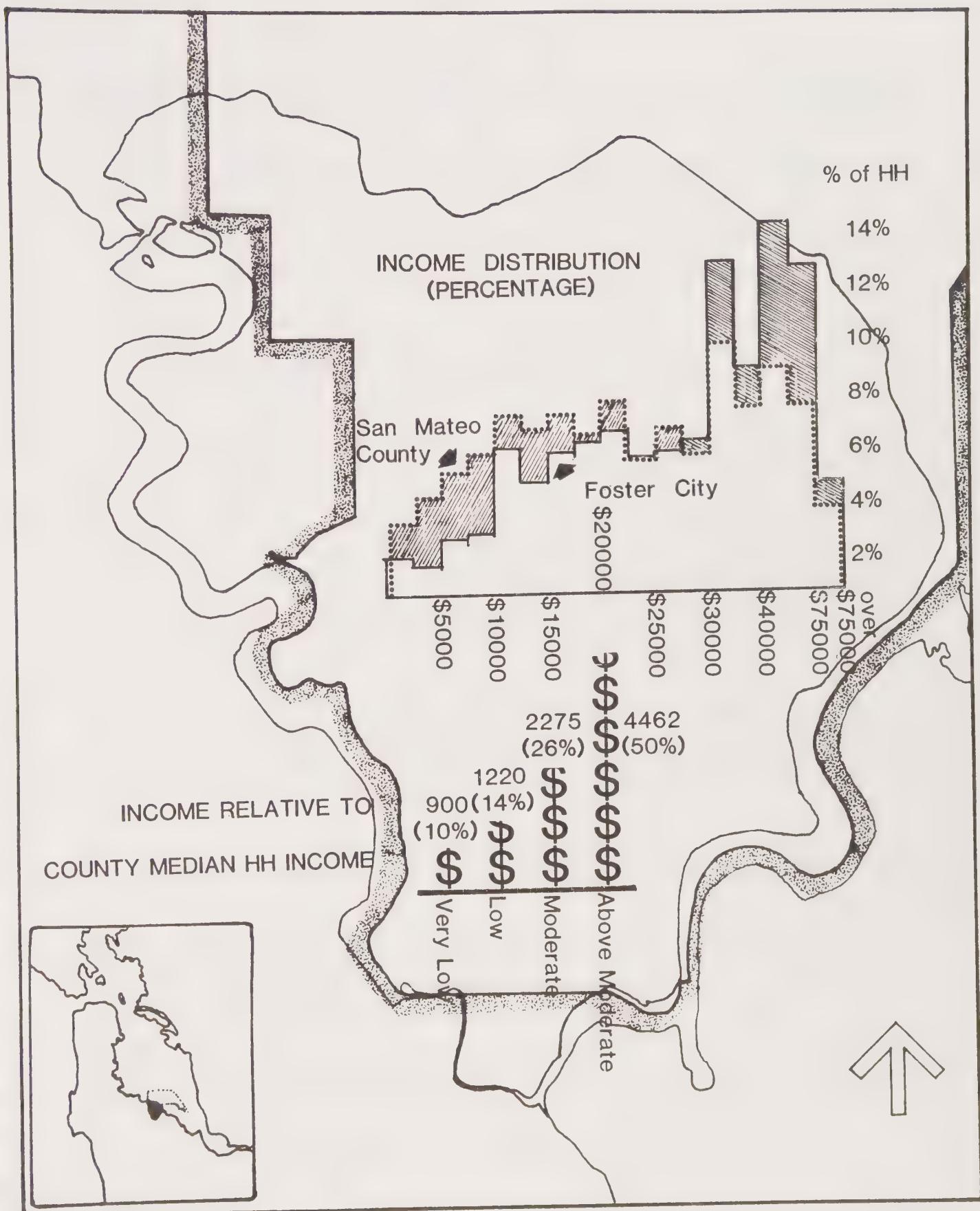
FOSTER CITY

FIGURE 2 ETHNICITY (1980)



FOSTER CITY

FIGURE 3
HOUSEHOLD COMPOSITION
7 (1980)



represents the "half-way" point at which half of the households earn more and half earn less than the stated income figure.

The four groupings typically used to express a community's income distribution relative to that of the region are:

- * Very low - which is 50 percent or less of the regional median income.
- * Low - which is 50 to 80 percent of the regional median income.
- * Moderate - which is 80 to 120 percent of the regional median income.
- * Above moderate - which is over 120 percent of the regional median income.

Figure 4 shows the number of Foster City households in each of these four income groups. The calculations are based on the San Mateo County median household income. Half of Foster City's households fall within the "above moderate" income category; these households earn more than 120 % of the San Mateo County median household income. Only 10% were "very low" income households. By comparison, nearly 20 percent of San Mateo County's households were very low income by this definition, about 18 percent were low income, 8 percent were moderate income, and 45 percent were above moderate income.

Figure 4A further details the Foster city income groupings by tenure - homeowners versus renters. Over 70 percent of the City's homeowners had above moderate incomes, whereas only 31 percent of the City's renters were in this income group.

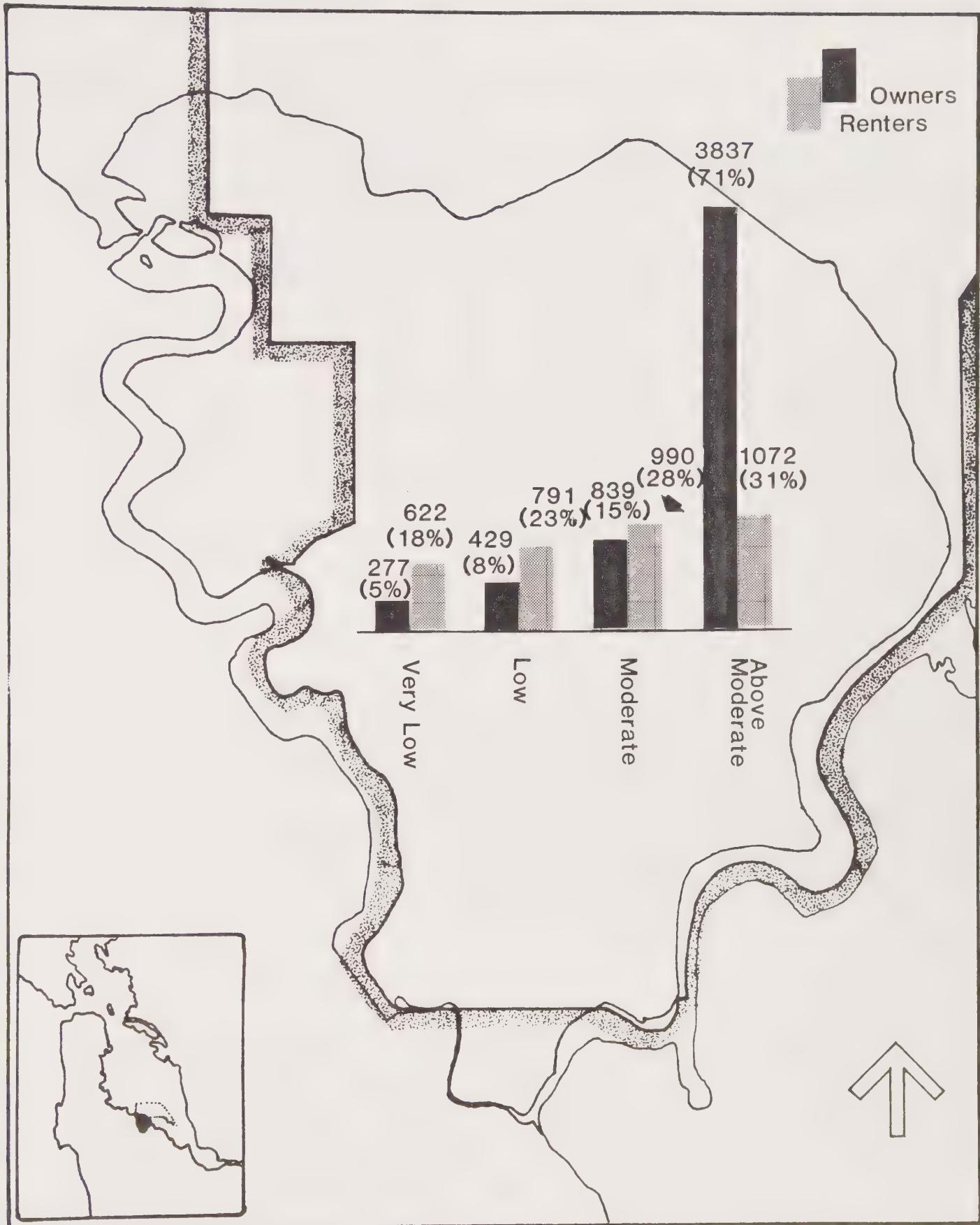
Conversely, 41 percent of Foster City's renters had low or very low incomes but only 13 percent of the homeowners had such incomes.

Family households have higher incomes than all households in general because many households consist of young single and elderly residents with lower incomes. In fact, the median income of unrelated individuals was \$15,768 in 1980.

The median family income reported for Foster City in 1980 was \$33,353, compared to \$27,279 in San Mateo County. However, family incomes varied considerably by family size:

<u>Number of Persons</u>	<u>Median Income(1980)</u>
2	\$29,852
3	\$35,208
4	\$34,789
5	\$42,169
6	\$39,423
7+	\$39,079

(Source: U. S. Census Bureau)



FOSTER CITY

FIGURE 4A
INCOME BY TENURE IN RELATION TO
COUNTY MEDIAN HOUSEHOLD INCOME
(1980)

Figure 5 shows the number of families in 1980 within each of the four income groups.

The federal Department of Housing and Urban Development has published the following income guidelines for each of the four income groups for 1984 to determine eligibility for various state and federal housing assistance programs.

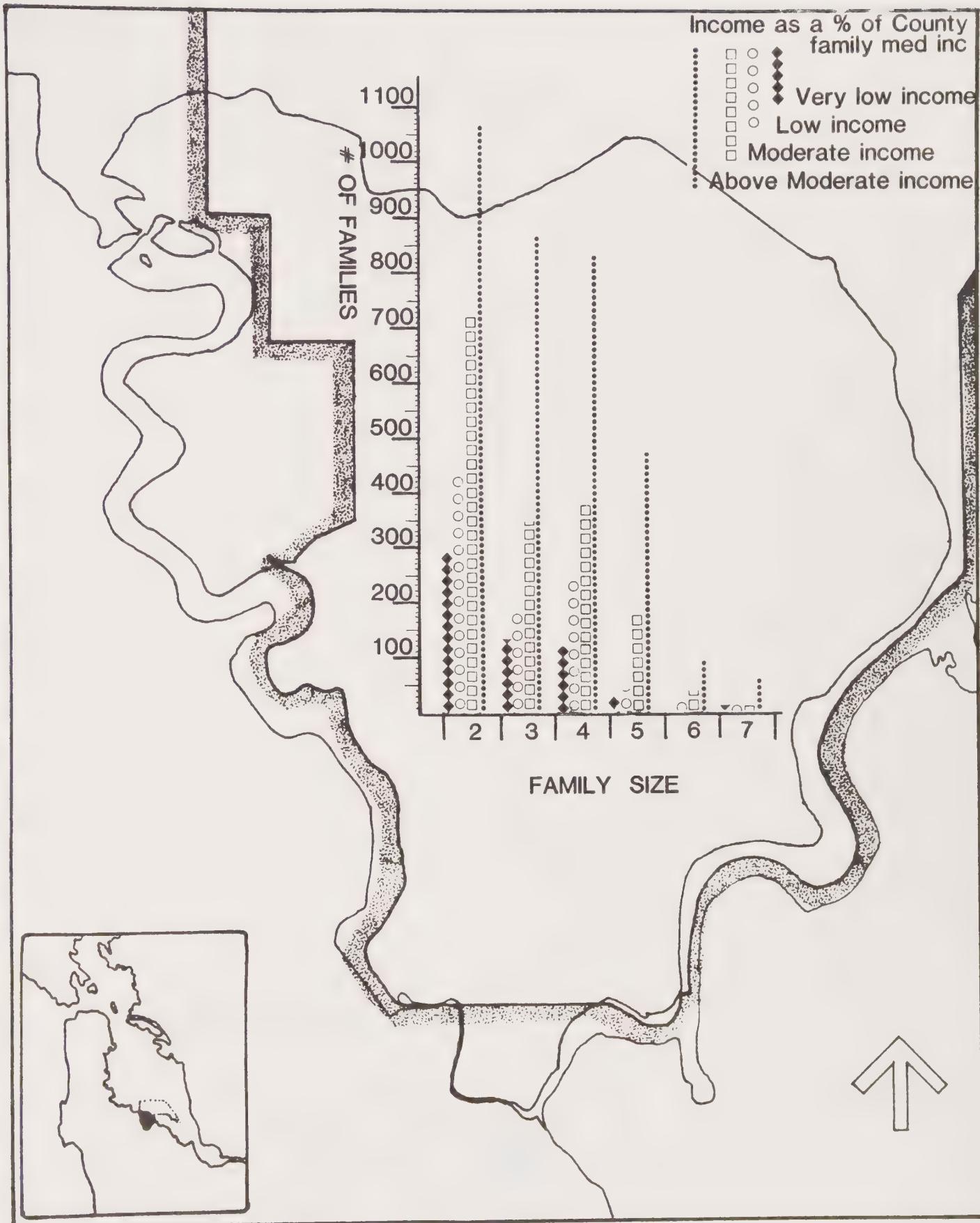
San Mateo County Income Limits (1984)
Number of Persons in Household

Income Limit	1	2	3	4	5	6	7	8
Very Low (up to 50% of median)	\$11,800	\$13,500	\$15,200	\$16,900	\$18,200	\$19,550	\$20,900	\$22,250
Low (up to 80% of median)	\$18,900	\$21,600	\$24,300	\$27,000	\$28,700	\$30,400	\$32,050	\$33,750
Moderate (up to 120% of median)	\$28,550	\$32,650	\$36,700	\$40,800	\$43,350	\$45,900	\$48,450	\$51,000

These income limits are likely to be significantly below actual family incomes for the same groups in Foster City. According to a study prepared for the City in 1984 by Mills-Carneghi, the median income was estimated to be \$39,000 in 1984 and \$41,500 in 1985. A very low income resident, based on the 1985 median, would have a maximum income of \$20,750, a lower-income resident a maximum income of \$33,200, and a moderate income household a maximum income of \$49,800.

Incidence of Poverty

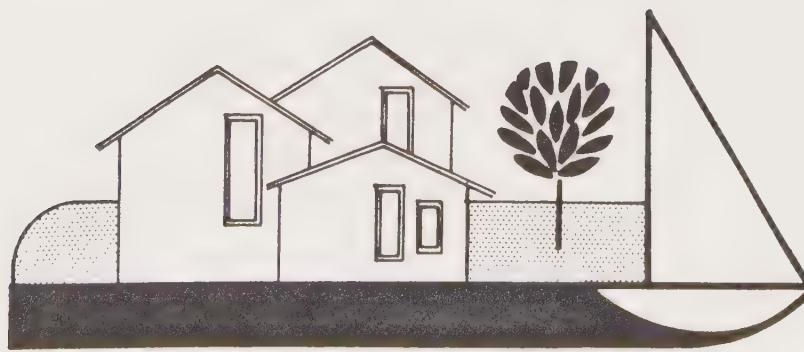
The 1980 Census counted 152 families (2.5% of all families), below the federally-defined poverty level. The poverty level is determined as a multiple of the cost of meeting minimum necessary nutritional needs adjusted for household size and composition. Of the 152 households, 4 were elderly households and 134 did not receive any form of public assistance. Female-headed families with children and no husband present accounted for 58 of the 152 families, or 38 percent. A total of 807 persons were below the poverty level in 1980. About 43 percent (249) of the persons below poverty were under 21, and 3 percent (23) were 65 years of age or more.



FOSTER CITY

FIGURE 5
FAMILY INCOME BY
FAMILY SIZE (1980)

EMPLOYMENT TRENDS



Foster City was initially developed as a planned residential community. Historically, residents have commuted to work to other communities. The average commute time in 1980 of 25 minutes for Foster City's employed residents indicates that most residents worked at least 10 to 15 miles from their place of residence.

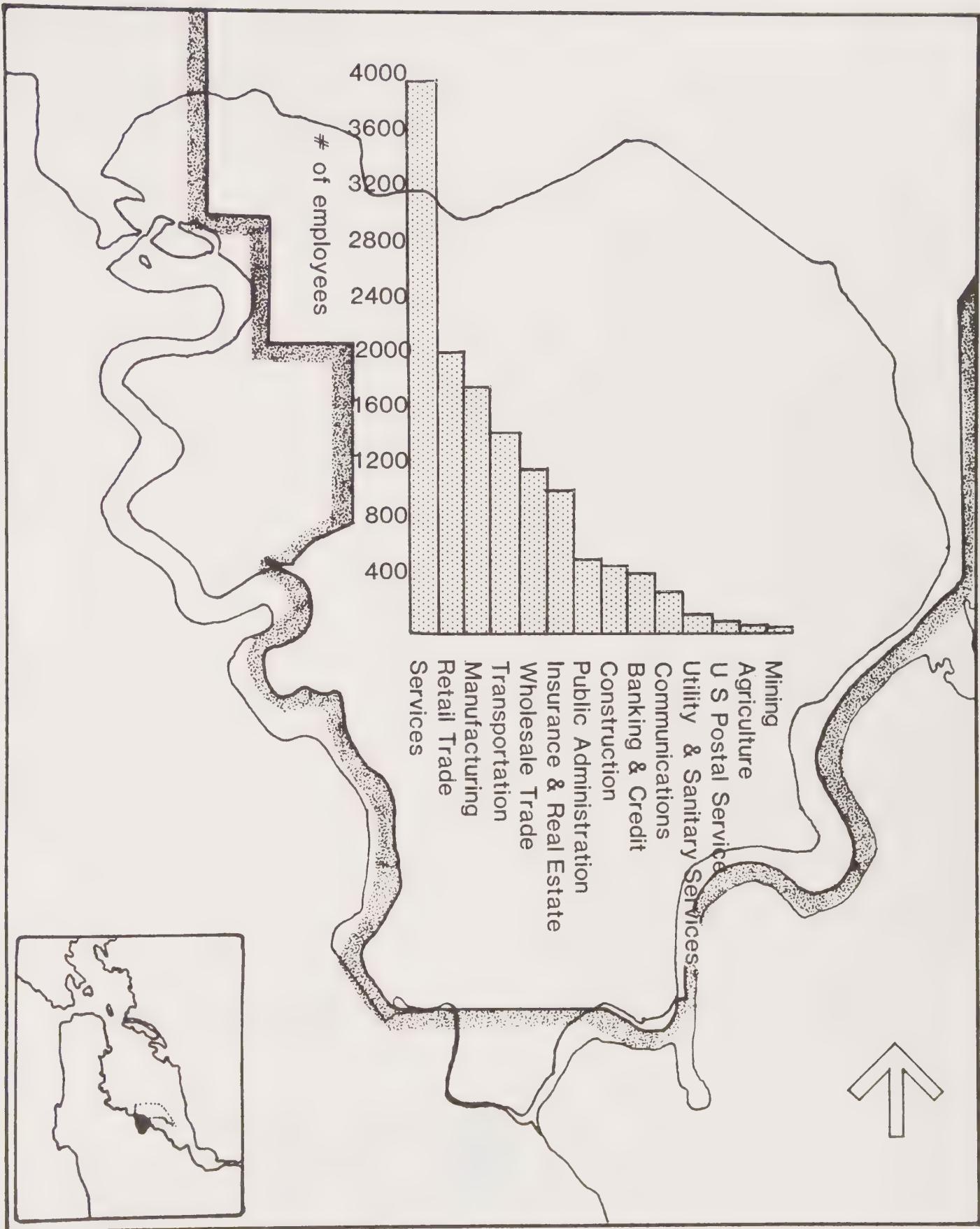
In the past five years, however, several major commercial and industrial developments have been planned and constructed. By May 1985, Foster City contained approximately 2.4 million square feet of commercial and industrial space. (Source: Foster City Planning Department.

Five approved and pending commercial developments on the City's remaining vacant commercially-zoned land will add 3.2 million square feet of office space; 296,500 square feet of retail, restaurant, and other consumer commercial space; 713,000 square feet of research and development office space; and 1,079 hotel rooms. Not included in this total are a Marriott Hotel proposed and two office building proposals for which plans have not yet been submitted. Of this total new commercial/office development, 543,951 square feet would be constructed on the San Mateo City side of a site located within Foster City and San Mateo. These projects could create approximately 17,230 new jobs, based on an employee generation ratio of one employee per 225 square feet of office space, one employee per 300 square feet of retail space and .39 employees per hotel room.

The new employees will include management professionals, administrative and clerical workers, retail and food service workers, and engineering science professionals.

In 1980, there were 13,743 employed residents living in Foster City. This total represents about 1.6 workers per household. Figure 6 shows the distribution of these workers by industry. The chief employment type in Foster City is services. Business, educational, professional, and health services were the major types of employment in this category, accounting for one of every five employed residents. Other major employment types were retail trade, machine manufacturing, wholesale trade, insurance and real estate, public administration, and construction. Of the total number of employed residents, about 12% live and work in Foster City. Foster City's employed residents accounted for 8 percent of the total number of employed County residents.

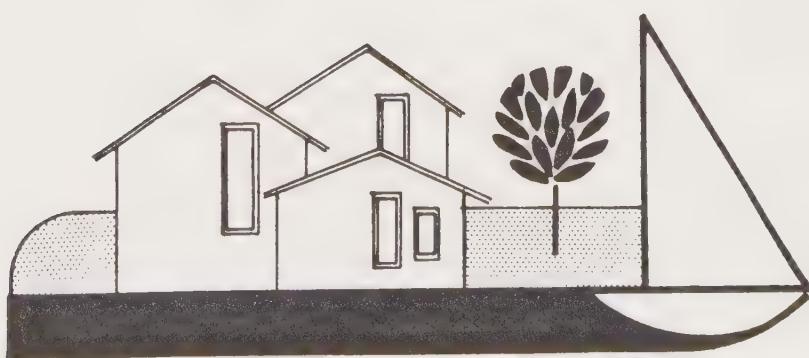
Based on average employment-to-building space ratios, the amount of completed commercial and industrial space in Foster City could be expected to accommodate between 8,000 and 10,500 employees at capacity. At the 1980 employee-per-household ratio of 1.6, the number of housing units needed to accommodate these workers is between 4,800 and 6,450. The significant additions to Foster City's commercial and industrial development since 1980 have probably increased the percentage of residents who live and work in Foster City; however, no more recent survey of work-residence patterns exists.



FOSTER CITY

FIGURE 6
EMPLOYMENT BY INDUSTRY
15
(1980)

FOSTER CITY'S HOUSING STOCK



Housing Type and Tenure

The 1980 Census counted 9,178 housing units. Figure 7 shows the distribution of the units by type. Between 1980 and January 1986, 1120 housing units were authorized for construction--421 single-family homes and 699 multifamily units.

Foster City is unique among San Mateo County communities in that the majority of its housing stock (58 percent) is in the form of single-family attached dwellings, multiplexes, and multifamily condominiums. This housing mix resulted from the planned development history of Foster City's growth. The following table compares the percentage of single-family homes in San Mateo County and Foster City.

	S.F. Detached	S.F. Attached	Total
Foster City	44%	18%	62%
San Mateo County	59%	6%	65%

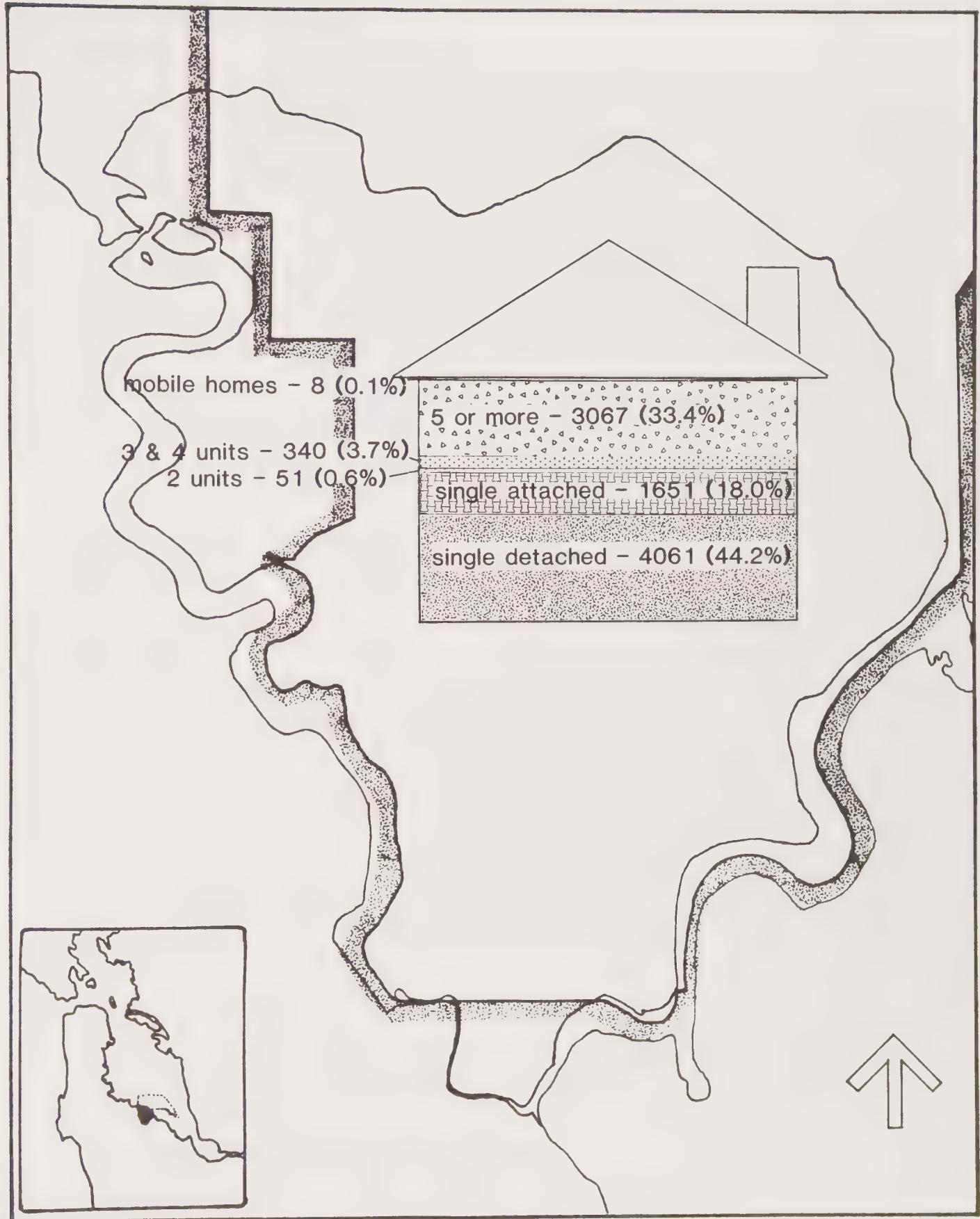
(Source: U. S. Census Bureau)

Of the 8,828 occupied housing units counted in Foster City in 1980, 5,346 (60.6%) were owner-occupied, 3,425 (38.8%) were renter-occupied, and 57 (0.6%) were unowned but occupied without the payment of rent. The rate of owner occupancy in Foster City is approximately the same as in San Mateo County; however, several surrounding communities have much lower rates of owner occupancy. The following table compares owner occupancy rates in several San Mateo communities:

Atherton	94%
Belmont	59%
Burlingame	47%
Foster City	61%
Redwood City	49%
San Carlos	71%
San Mateo	52%
San Mateo County	59%

(Source: U. S. Census Bureau)

The ownership rate of Foster City's housing stock varies by the type of unit. Within the single-family housing stock, 84 percent of the residents were homeowners in 1980. By contrast, only 16 percent of the multiplex (2 to 4 units) and 23 percent of the multifamily (5+) units were owner-occupied. Clearly, most of Foster City's multifamily units are rented out by their owners.



FOSTER CITY

FIGURE 7
HOUSING UNITS BY TYPE

Vacancy

The 1980 Census counted 349 unoccupied housing units. Of these units, 107 units were vacant for sale (2.0 percent vacancy rate) and 155 units were vacant for rent (4.3 percent vacancy rate). Another 87 units were unoccupied but not available for sale or rent.

A September 1983 housing vacancy survey of San Mateo County, performed by the U. S. Postal Service for the Federal Home Loan Bank Board of San Francisco, found a much lower vacancy rate for Foster City - 1.7 percent overall and 1.1 percent for single-family units. Postal service surveys generally reveal lower vacancy rates than Census surveys due to differences in survey methods. The following table shows how Foster City compared with other communities (by zip code) in the 1983 survey:

	Total Vacancy Rate*	Under Construction	Single Family Vacancy Rate *
Belmont	0.6%	0.2%	0.6%
Foster City	1.7%	0.1%	1.1%
Burlingame	0.9%	0.3%	0.9%
Redwood City	1.3%	0.3%	0.9%
San Carlos	0.9%	0.2%	0.9%
San Mateo **	1.3%	0.4%	0.7%
San Mateo Co.	1.1%	0.3%	0.7%

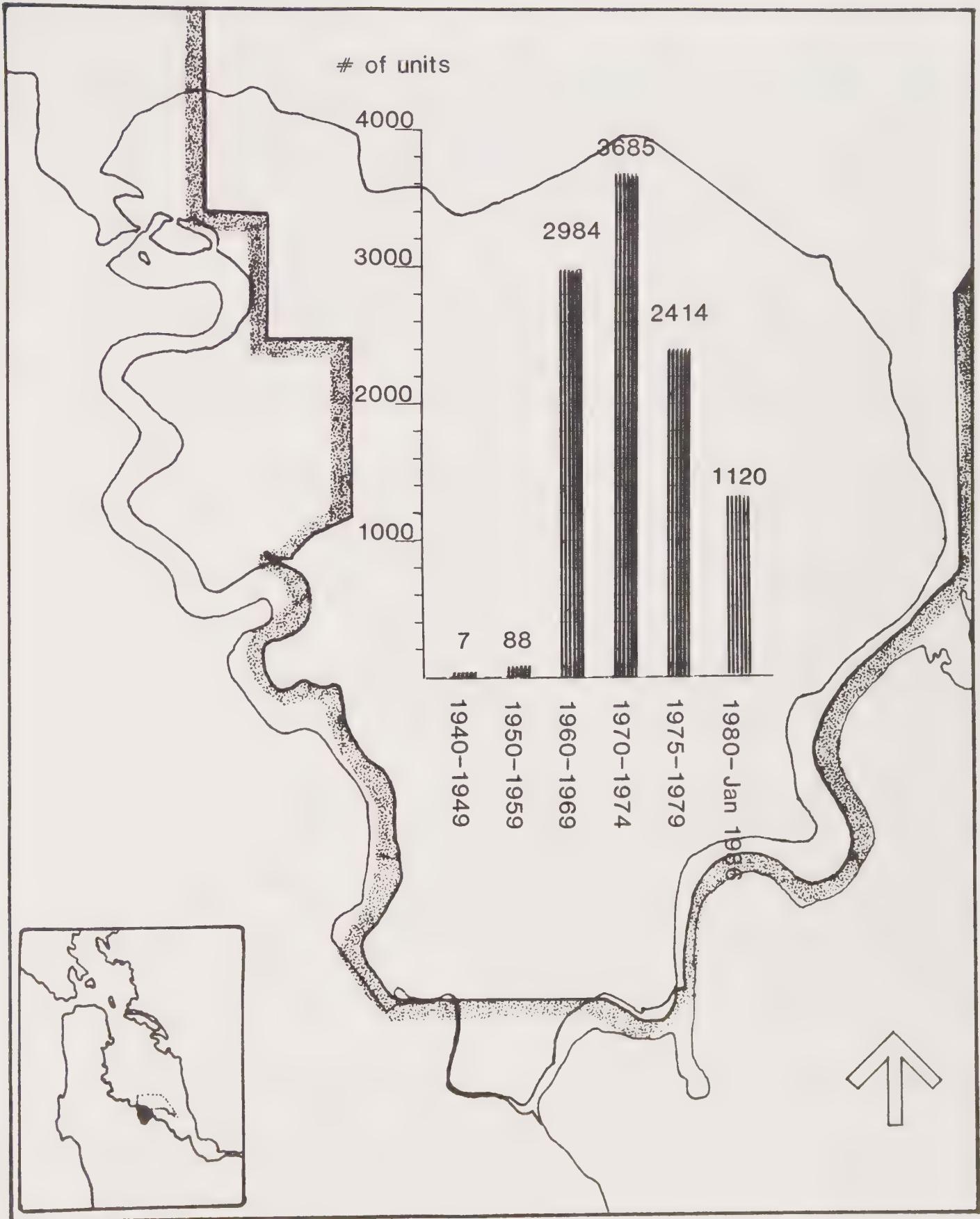
** Including Foster City zip code

The "ideal" vacancy rate for Foster City is about 3.6 percent of the year-round housing stock. This figure assumes a needed minimum vacancy rate of 2 percent for owner-occupied units (which comprise 61 percent of the housing stock) and 6 percent for renter-occupied units (which comprise 39 percent of housing stock). The 2 percent and 6 percent rates are generally used by housing market analysts as indicators of sufficient supply in the housing market to allow for normal turnover and mobility among households.

The 1980 Census and the U. S. Postal service survey indicate that Foster City's actual market vacancy rate is probably well below the "ideal" vacancy rate. The exact shortfall, however, cannot be calculated given the different methods of counting vacant units.

Age and Condition of Housing Stock

Foster City is a new, planned community with 99 percent of its housing stock constructed within the past 20 years. The most active period for housing construction in Foster City were the years 1970 to 1974, when 38% of the City's housing stock was constructed. Figure 8 shows the periods during which Foster City's housing was constructed.



FOSTER CITY

FIGURE 8
AGE OF THE HOUSING STOCK

Housing in a community plays an important role in defining the overall character of the community. If residents can maintain the existing quality of the housing in Foster City, the community will continue to be a desirable place to live. The quality of new housing is regulated through the Uniform Building Code and other model codes, the City's Zoning Ordinance, and through the design review process. However, the quality of Foster City's existing housing stock must also be preserved.

City staff conducted an exterior "windshield" survey of housing conditions in March 1980. A windshield survey is one conducted by automobile in which surveyors slowly drive through each neighborhood and note the exterior conditions of housing units. Interior problems - electrical, plumbing, and termite related defects - cannot be detected through a windshield survey.

The City staff counted 207 homes (12 percent of those surveyed) with minor repairs needed, such as painting, restaining of wood, fence repair, and patching of surface cracks. None of the needed repairs was serious enough to warrant City action but could be corrected through routine maintenance by the property owners. An updated windshield survey conducted by a consultant to the City in September 1984 found the same overall good quality in the City's housing stock. Only routine maintenance problems were identified, the same types as discovered in the 1980 survey. It is assumed that property owners' interest in maintaining their investment will provide a sufficient incentive to make these minor repairs.

Foster City was incorporated approximately twenty years ago, and only about 100 homes are more than twenty years old. The lack of serious (or even moderate) physical deficiencies in the City's housing stock makes it unnecessary for the City to engage in a formal housing rehabilitation program at this time. This conclusion is bolstered by the findings of the San Mateo County Housing and Community Development Agency. The Agency has determined that Foster City's housing stock is not in need of rehabilitation and that the City does not qualify, based on county income limits, for participation in the Agency's rehabilitation program.

Although it does not appear necessary at this time to maintain City records on housing repair needs, at some time within the next 15 years the City may have to take a more active role in monitoring housing conditions and assisting property owners in correcting serious deficiencies. Because Foster City's housing was constructed within a short time span, structural problems that can typically occur after 25 to 30 years will begin to appear in many homes at the same time.

Such a monitoring program may be especially important for the City's lower-income residents. Some lower-income homeowners and owners of rental units occupied by lower-income tenants may be financially unable to make minor repairs to their homes. Such individuals could qualify for assistance through the federal Community Development Block Grant program. In addition, the City could request an allocation of bond credit from the state to issue tax-exempt revenue bonds for low interest home improvement loans to the City's low- and moderate-income residents.

The only recent information available on the internal condition of housing is the 1980 Census. The Census Bureau reported that 58 housing units lacked complete plumbing in 1980. A home was counted as lacking complete plumbing if the unit did not have hot and cold piped water, a flush toilet, and a bathtub or shower for the exclusive use of the occupant(s) of that housing unit. Another 6 units lacked complete kitchen facilities, defined as a lack of a sink with piped water, a stove for cooking, or a mechanical refrigerator.

Housing Cost

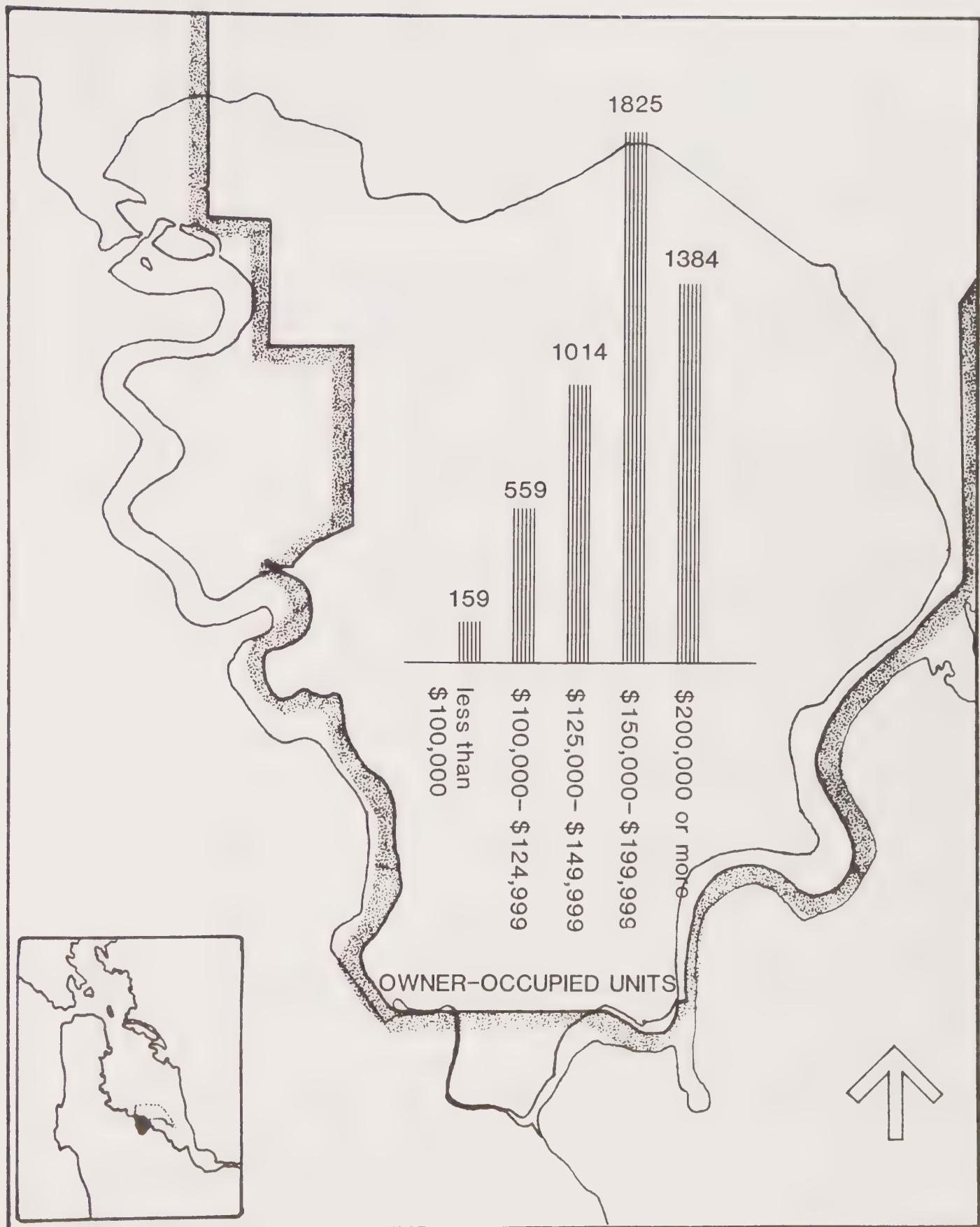
Foster City is characterized by housing costs that are, on the average, higher than overall county housing costs. The following table compares 1980 median housing unit values and contract rents for Foster City and nearby communities:

	Median Housing Unit Value *	Median Contract Rent
Atherton	\$200,000+	\$500+
Belmont	\$148,900	\$328
Burlingame	\$151,000	\$299
Foster City	\$178,900	\$399
Redwood City	\$122,300	\$283
San Carlos	\$142,400	\$326
San Mateo	\$123,000	\$330
San Mateo County	\$124,400	\$313

*Excludes multifamily condominium units

(Source: U. S. Census Bureau)

Figure 9 shows the 1980 distribution of housing unit values for owner-occupied homes as estimated by the homeowners. The largest grouping of home values (37 percent) occurred in the \$150,000 to \$199,999 value range. Only 3 percent of the homes were valued at less than \$100,000, but 28 percent of the homeowners valued their homes at \$200,000 or more.



FOSTER CITY

FIGURE 9 HOUSING UNIT VALUE (1980)

Figure 10 compares 1980 monthly housing costs for renters and homeowners. The median monthly renter cost, including utilities, was \$417. For homeowners with a mortgage, the median monthly cost was \$704 and for homeowners without a mortgage, \$184. Nearly 1,000 renters (29 percent) paid \$500 or more per month for housing expenses. Over 2,600 homeowners, (about half) paid more than \$500 per month for housing expenses.

Figure 11 shows gross rents paid in 1980 by the number of bedrooms per unit. Most studio and one-bedroom units rented for \$300 to \$499 in 1980. Most two bedroom units rented for \$400 or more. Over 80 percent of the units with three or more bedrooms rented for \$500 or more.

Since 1980, rents have increased substantially but housing prices much less so. A September 1984 sample of rental listings in the Foster City area showed a median asking rent of between \$650 and \$699 for 287 units listed.

The median rent advertised for vacant units was about 10 percent above the median contract rent for occupied units (according to the 1980 Census). Figure 12 shows the results of the survey. These results are not directly comparable to the 1980 Census due to the small size of the sample. However, the survey results can provide important information on the relative cost of rental units.

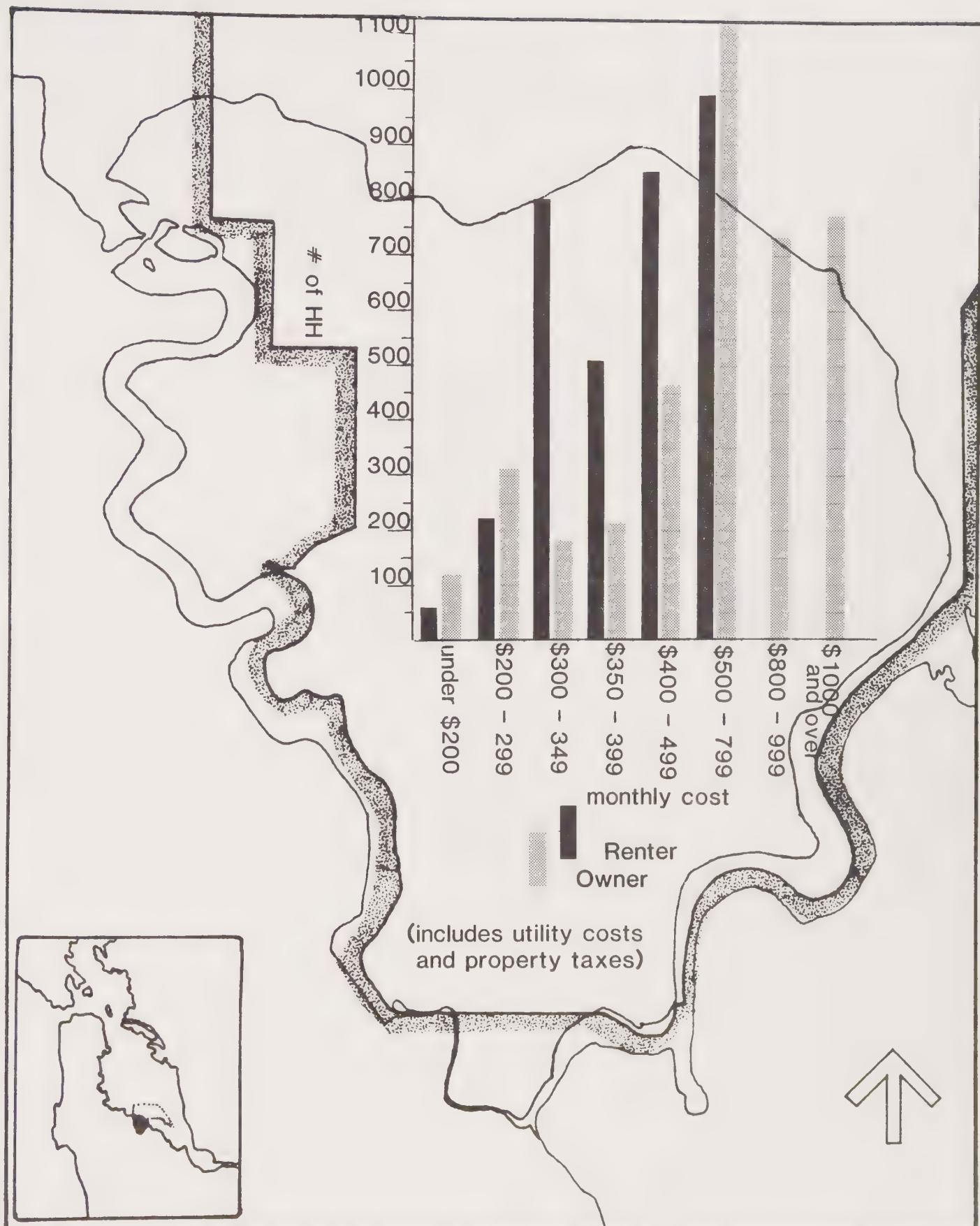
The following rental ranges were recorded by type of unit:

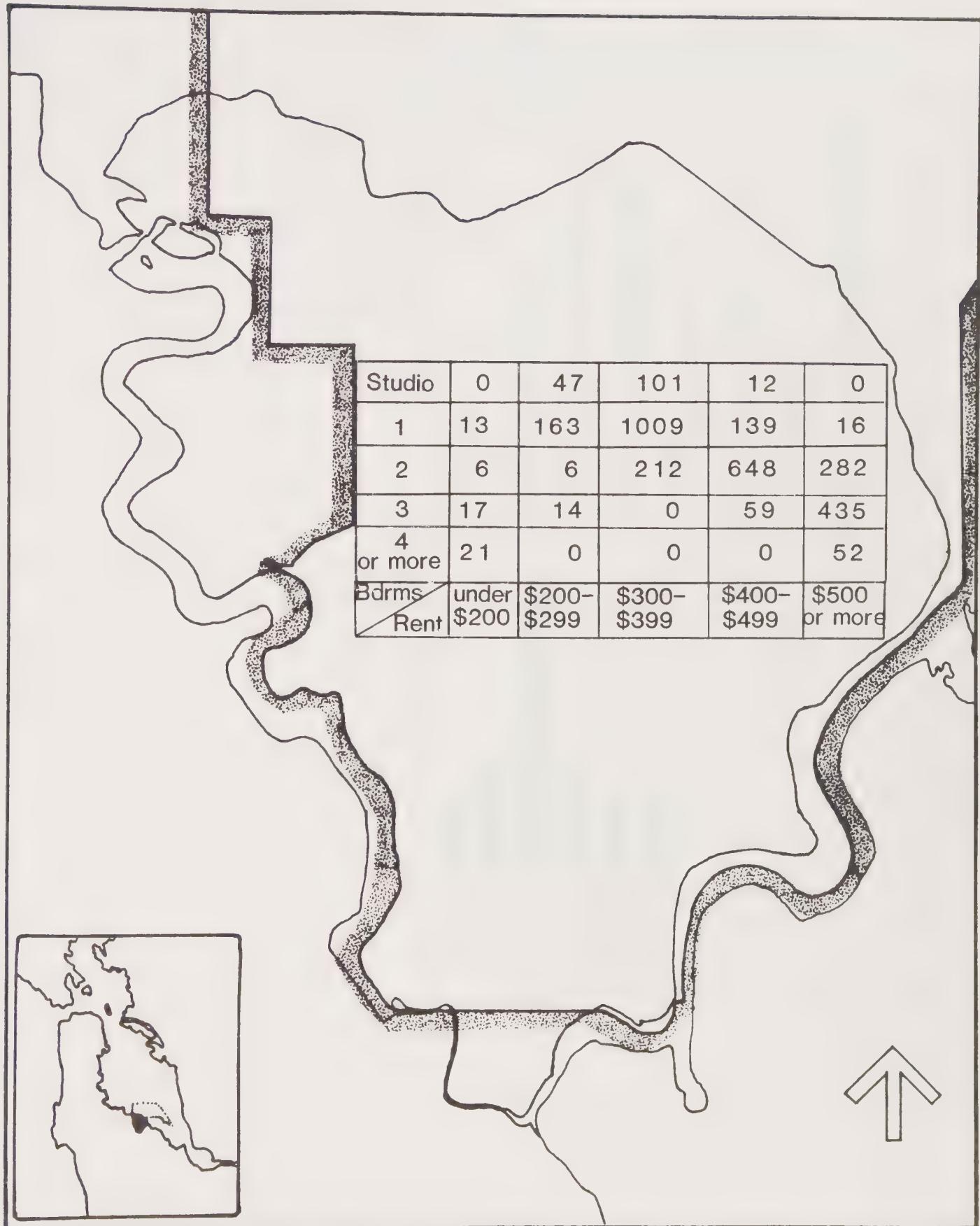
	Studio	1 Bdrm.	2 Bdrm.	3 Bdrm.	House
Minimum	\$320	\$335	\$500	\$725	\$400
Maximum	\$495	\$925	\$1,950	\$1,450	\$1,950
Average	\$418	\$551	\$730	\$956	\$1,162

(Source: Connerly & Associates, Inc.)

These areawide listings show lower average rents than a survey conducted by the Planning Department in September 1984 of apartment units specifically in Foster City.

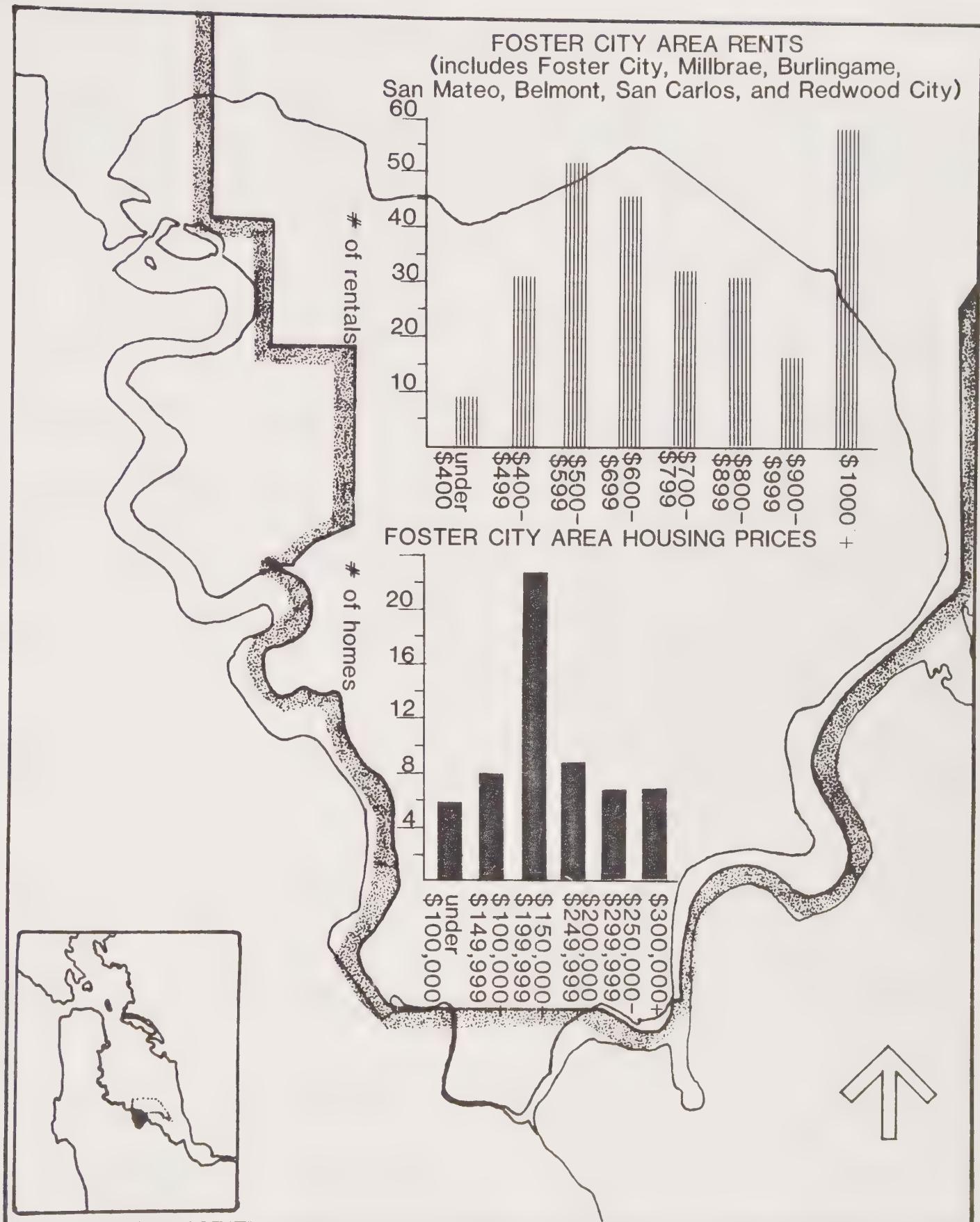
The San Mateo/Burlingame Board of Realtors calculated a median sales price of \$180,494 for 144 units sold in Foster City between January and September 1984. This median price is virtually unchanged from the 1980 median asking price for owner-occupied units. The median price of 257 homes sold in San Mateo during the same period was \$178,797. An analysis of 60 Foster City area sales listings in September 1984 also revealed a median asking price of about \$180,000.





FOSTER CITY

FIGURE 11
GROSS RENT BY
NUMBER OF BEDROOMS
(1980)



FOSTER CITY

FIGURE 12
FOSTER CITY AREA
HOUSING COSTS (1984)
Source: Connerly & Associates, Inc.

APARTMENTS IN FOSTER CITY
2,258 UNITS

NAME, ADDRESS OF APARTMENT	MANAGER AND PHONE NUMBERS	NO. OF UNITS LOW & HIGH RENTS	PARTICULAR INFORMATION
BEACH COMBER-BALI 1441 Beach Park Blvd.	Virginia & Merlin Yttrie 345-9423	44-1 Bdr. \$650-660 2 Bdr. \$950-960	No pets, swimming pool gym & sauna
BEACH COMBER-LAINI 1451 Beach Park Blvd.	Virginia & Merlin Yttrie 345-9423	44-1 Bdr. \$650-660 2 Bdr. \$950-960	No pets, swimming pool gym & sauna
BEACH COMBER-MAUI 1431 Beach Park Blvd.	Roy Spencer 595-3074	30-\$500 (as of 4/84- new rates unavail- able)	Swimming pool & Security Building
BEACH COVE APARTMENTS 703 Catamaran	Mary Gildore 349-1700	416-Jr.1Bdr.\$643 & up 1 Bdr. \$708-880 2 Bdr. \$880-1,060	WOODMONT MGMT., No pets, swimming pool, tennis courts
BEACH PARK APARTMENTS 1999 Beach Park Blvd.	Henry Takala 573-1991	48-1 Bdr. \$690	WOODMONT MGMT. Swimming pool, sauna
FRANCISCAN APARTMENTS 888 Foster City Blvd.	Mae Shattuck 349-1083	122-1 Bdr. \$645-680 2 Bdr. \$845-935 3 Bdr.\$1,035-1,070	PRO-WEST MGMT., No pets, swimming pool, Sauna, Rec Room
HARBOR COVE APARTMENTS 900 E. Hillsdale Blvd.	Gloria Kraft 345-7300	400-Studio \$602-621 1 Bdr. \$641-688 1 Bdr. \$675-770 2 Bdr. \$747-809 2 Bdr. \$810-997	T & S MGMT., No pets swimming pool, tennis courts, Rec Room volleyball & basketball courts
SAND COVE APARTMENTS 707 Bounty Drive	Pat Trujillo 341-2880	344-Jr.1 Bdr.\$673-678 1 Bdr. \$728-748 1 Bdr. \$763-888 2 Bdr/1B \$895-915 2 Bdr/2B \$930-1,060	WOODMONT MGMT., No pets, swimming pool
SANDPIPER APARTMENTS 1111 Balclutha, J Bldg	S. J.Chen 347-9881	36-1 Bdr. \$600-620 2 Bdr. \$780	R. Chinn, owner No pets, access to pool
1125 Balclutha, K Bldg	Mr. Johnson 349-9837	36-1 Bdr. \$530 2 Bdr. \$700	R. Chinn, owner No pets
SHADOW COVE APARTMENTS 1055 Foster City Blvd.	Irene Bonaldi 341-1950	164-Jr.1Bdr.\$653 & up 1 Bdr. \$723-863 2 Bdr/1B \$895 2 Bdr/2B \$935-1,040	WOODMONT MGMT., No pets, swimming pool
SHELTER COVE APARTMENTS 700 Marlin Avenue	Mr. O'Hara 341-8287	288-Studio \$595 1 Bdr. \$670 2 Bdr. \$820	CMS MGMT. No pets, two swimming pools, sauna, golf cage
TRADEWINDS APARTMENTS 1110 Polynesia Drive	Clare & Walter Crawley 349-3366	130-1 Bdr. \$630 2 Bdr. \$895-940	R.W. ZURKIN, Prop. Mgr. (Mike Macri) No pets, (328-5050)
WATERS EDGE APARTMENTS 1200 E. Hillsdale Blvd.	Dorothy Taylor 341-6700	158-1 Bdr. \$625-675 2 Bdr. \$825-900	No pets, two pools, Gym, mens & womens Rec Room, sauna

Of the 500 units planned for Metro Center, prices will range from \$120,000 to \$156,000 (1983 dollars). Assuming a household can devote a maximum of 35 percent of its income for housing expenses (including property taxes, utilities, homeowner association dues, and homeowner's insurance) and is able to make a 10 percent downpayment on a home, the income required to purchase the units would range from \$53,000 to \$68,740 at an interest rate of 13.5 percent.

Despite the rapidly rising housing cost of the 1970's, most Foster City residents still had manageable housing costs in 1980. However, some problems emerge when housing costs for lower-income residents are compared to their income. Figure 13 shows housing costs as a percentage of income in 1980 for renters and homeowners in five income groups. Very low income households fall mostly within income group 1, low income households within groups 2 and 3, and moderate income households mostly within group 4.

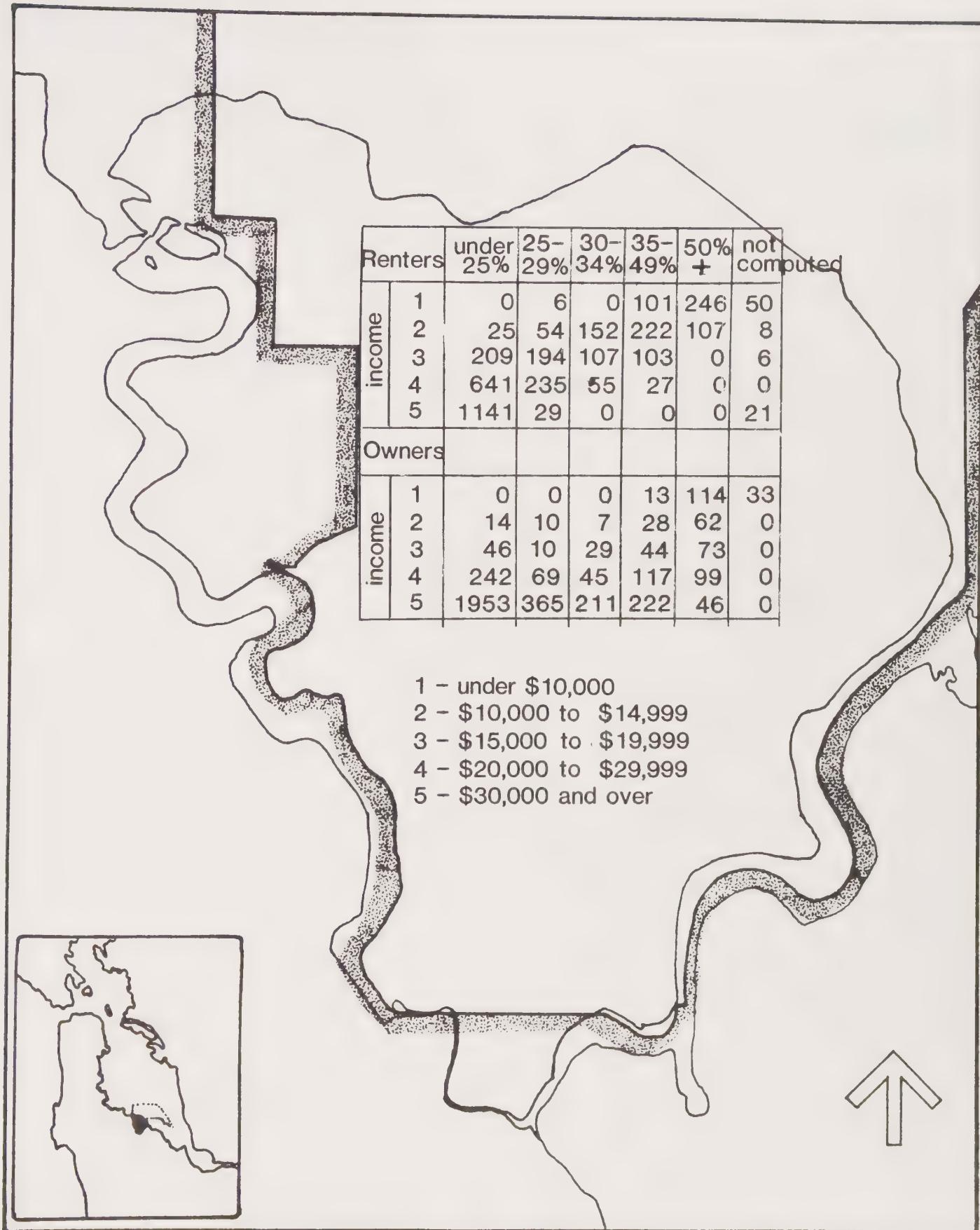
Virtually all very low income renters and homeowners paid 35 percent or more of their income for housing in 1980. Among the low income group, 81 percent of the home owners and 80 percent of the renters devoted 25 percent or more of their income for housing. Approximately 60 percent of the renters and about three of every four homeowners in this income group spent 30 percent or more of their income on housing.

Among moderate income residents, about 33 percent of the renters and 58 percent of the homeowners used 25 percent or more of their income for housing. About 9 percent of the renters and 46 percent of the homeowners devoted 30 percent or more of their income for housing.

Household Size and Overcrowding

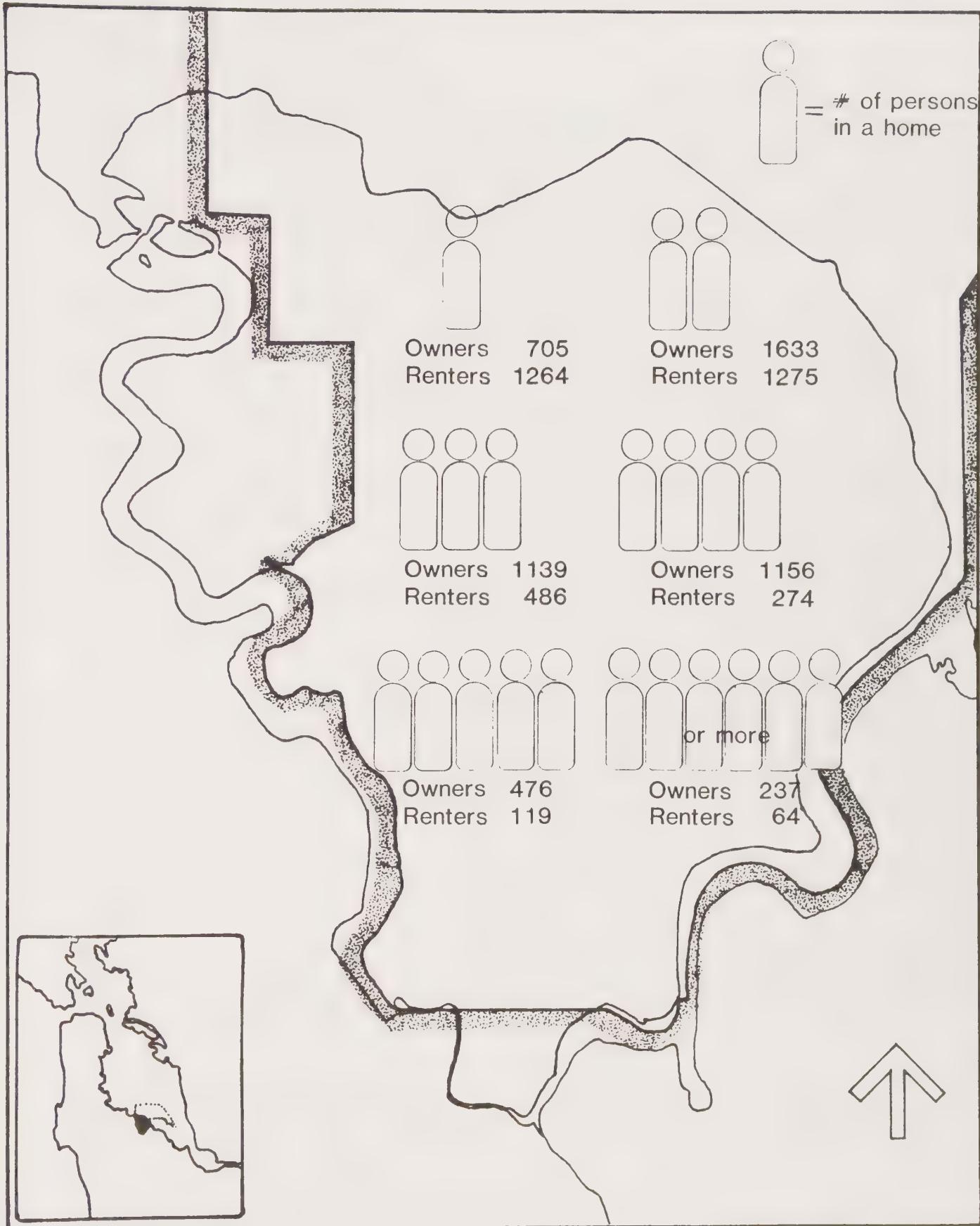
Foster City has experienced the nationwide trend of declining household size and fewer children. Figure 14 shows the number of households by persons per housing unit for owners and renters. Over 22 percent of all households and 36 percent of renter households are composed of single persons. Another one-third of all households and 37 percent of renter households contain two people.

Because of declining household size, overcrowding, defined by the U. S. Census Bureau as a condition in which there is more than 1 person per room in a housing unit, was not a serious problem in Foster City in 1980. Only 160 (1.8 percent) of the households lived in overcrowded conditions, including 96 renter households. Of these 160 households, 59 were severely overcrowded (over 1.5 persons per room), including 44 renter households. Although overcrowding is not a serious problem in Foster City, the incidence of overcrowded units has increased since 1970. At that time the Census Bureau counted 27 overcrowded and 2 severely overcrowded units. These 29 housing units represented 1.1 percent of the occupied housing units in 1970.



FOSTER CITY

FIGURE 13
HOUSING COSTS AS A
PERCENTAGE OF INCOME
(1980)



FOSTER CITY

FIGURE 14
NUMBER OF HOUSEHOLDS BY
PERSONS PER UNIT AND TENURE
(1980)

Conclusions

The residents of Foster City comprise mostly married couples, although 45 percent of these couples are childless. There is also a sizable, young, single population residing in Foster City. The elderly residents, nearly 11 percent of all residents, comprise approximately the same percentage of Foster City's population as San Mateo County's. The school age population has declined dramatically since 1970.

The people of Foster City are, on the average, wealthier than San Mateo County residents overall. The City's median income is nearly 30 percent above the countywide median income. Fewer than one-in-five homeowners and less than half of the City's renters could be considered "low-income" based on San Mateo County's median household income.

Foster City began its development as a residential planned community, but during the past five years has experienced significant growth in office, commercial, and industrial land uses. The typical Foster City household is a two-worker family. Employment growth from three planned commercial developments is expected to reach over 17,000. This employment growth should help increase Foster City's share of the county workforce, which has historically been about 8 percent.

Foster City's housing stock represents a unique blend of single-family homes, townhouses, and multifamily apartments and condominiums. Housing units in structures of 5 or more units comprise a third of the City's housing stock, well above the countywide average. However, the City's owner-occupancy rate is only slightly above that of San Mateo County.

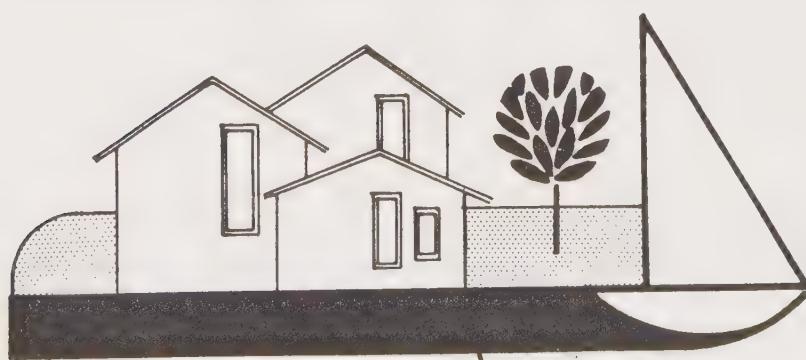
Since 1980 Foster City has experienced a tightening of the housing market as have most Bay Area communities. The overall vacancy is under 2 percent.

Because of Foster City's relative newness, its housing stock remains in remarkably good condition. Exterior surveys conducted in 1980 and 1984 uncovered no serious housing problems beyond routine maintenance.

The cost of housing in Foster City is well above the countywide average and the cost in most surrounding communities. Housing prices are 40 percent above the countywide average and rental rates are nearly 30 percent above countywide levels.

As a result, most low income residents and many moderate income residents must spend more than 30 percent of their income to obtain adequate housing in Foster City.

HOUSING NEEDS OF SPECIAL POPULATION GROUPS



The previous section has provided an overview of Foster City's residents and the housing they live in. This section will further define the characteristics of population groups which have special housing needs to be addressed in the Housing Element. Based upon the previous analysis of community characteristics, the groups thought to require special attention are:

- * Elderly, low income residents
- * Low- and moderate-income households overpaying for housing, especially those below the poverty level
- * Single parent households with children
- * Residents with a disability for which traditional housing construction might present barriers
- * Temporarily homeless individuals for whom emergency shelter may be necessary
- * Victims of illegal discrimination in housing
- * First-time homebuyers or renters in Foster City who will also be employed in the developing commercial sites in the City
- * Lower-income homeowners experiencing financial difficulties in maintaining their properties
- * Residents residing in overcrowded conditions

Low-Income Elderly Households

The 1980 Census revealed approximately 30 very low-income and 25 low-income households 65 years or older in Foster City. Four of these households were below the poverty level. It is unknown how many of these lower-income elderly households are renters or owners or what percent of income is devoted to housing expenses.

Some lower-income elderly homeowners may be experiencing difficulties in meeting housing costs for maintenance, property taxes, and homeowners insurance.

Low- and Moderate-Income Households

Government agencies and housing analysts have traditionally stated that, on the average, housing expenses should not consume more than 25 percent of a household's income. However, increases in construction costs and strong housing demand among consumers during the 1970's inflated housing costs at a much higher rate than most other living expenses.

Thus, in the 1980's it is more realistic to expect low- and moderate-income households to devote between 25 and 35 percent of their income for housing, on the average, depending on the size and composition of the household. Not enough information is available from the 1980 Census reports to compare housing costs as a percentage of income by

household size and composition. Therefore, in evaluating the particular needs of low- and moderate-income households, the City will focus on those households paying 30 percent or more of their income for housing.

Based on the 1980 Census count of income devoted to housing expenses (See Figure 13) it is estimated that as of January 1, 1984, the following number of very low, low, and moderate income households devoted 30 percent or more of their income for housing.

	<u>Owners</u>	<u>Renters</u>
Very Low Income	255 (4.5%)	606 (26.9%)
Low Income	336 (6.0%)	486 (13.6%)
Moderate Income	<u>386 (6.9%)</u>	<u>90 (2.5%)</u>
TOTAL	977 (17.4%)	1,182 (33.0%)

Note: Percentages in parentheses are based on total number of households in each tenure category.

It is evident from this table that a substantial number of homeowners and renters are devoting a large share of their income to housing expenses. For renters, this dilemma can only be resolved in the context of countywide housing policies adopted by each of San Mateo County's communities. To address the costs of rental housing for low- and moderate-income renters and the increase in rental expenses as a percentage of income, jurisdictions in San Mateo County will have to make a concerted effort to ensure that additional multifamily rental construction is allowed to improve market vacancies and consumer choices.

The percentage of income devoted to housing for homeowners is a different issue than for renters. Many homebuyers voluntarily devote significant portions of their gross (pre-tax) income to housing because of the investment advantages of homeownership. For homeownership, the consumption expense of housing must be separated from the investment expense. The following example illustrates this point. The example is not intended to be a typical case scenario as in 1980 over 90 percent of the City's condominium units were valued at more than \$100,000.

"Real" Housing Cost After Tax and Investment Consideration

Household Profile: Childless couple, annual income of \$25,000 (1980), a moderate income household. Monthly income: \$2,083.

Housing Cost Profile: Condominium which sells for \$77,500 (1980). Downpayment of 10% leaves amount to be financed at \$69,750. At 13.5%, loan amount equals monthly payment of \$799, or 38.4 percent of borrower's gross monthly income. Add \$150 per month for homeowner's insurance, property taxes, utilities, and homeowner association dues. This brings total monthly housing costs to \$949, or 45.6 percent of gross monthly income.

First Year Expenses:

Mortgage:

<u>Principle repayment -</u>	\$ 182
<u>Interest -</u>	\$9,406

<u>Property Taxes</u>	\$ 775
<u>Insurance, Utilities,</u>	
<u>Homeowner's Assoc.:</u>	\$1,025

<u>Reduction in taxes from</u>	
<u>deduction of taxes and interest</u>	
<u>(assumes 25% marginal tax</u>	
<u>bracket):</u>	\$2,545

(10.2% of gross income)

After tax housing cost/income equivalent:

$$45.6\% - 10.2\% = 35.4\%$$

This example shows that for a moderate-income household, the purchase of a home has the effect of reducing the "real" cost of the home as a percentage of income by about 10 percentage points. The "real" cost of the home is reduced even further when one considers that the couple in this example is likely using the equity built up in the home as a means of savings - putting one's savings "under the roof" rather than in a bank account.

According to the 1980 Census, there were nearly 100 households below the poverty level and 34 households earning no more than 125% of the poverty level income who owned their homes. Ninety-one of these households estimated the value of their homes at \$100,000 or more.

In total, approximately 400 lower-income households and 1,000 moderate-income households owned their homes in 1980. Most of these households probably purchased their homes prior to the onset of rapidly escalating housing costs in the mid-1970's. There is no way to compare income, length of residence, and housing unit value from the Census reports, however. It is these long-time residents with lower monthly housing costs and substantial equities in their homes that would be least likely to face housing affordability problems.

Female-Headed Households

Based on the 1980 Census count, there are approximately 460-470 female single-parent households with children and 115-120 male single-parent households with children in Foster City (as of January 1, 1984). Single-parent families face the difficult task of locating adequate housing at an affordable cost and obtaining child care (for younger children) on a single income. Figure 15 shows the percentage of single-parent homeowner households by their level of monthly housing costs. These costs cannot be directly compared to income from the Census report, but it is known that in 1980 there were 58 female-headed households below the federally defined poverty level. The Census reports do not show renter costs for single-parent households.

Residents With A Disability

Standard housing construction may present barriers to individuals with certain types of physical disabilities, especially individuals confined to wheelchairs. Shelf-heights, doorjamb widths, steps, and bathroom fixtures can present problems for physically disabled residents. Lower shelf and sink heights, wider doorjambs, smooth grade changes, grab-bars, and other minor alterations to a home can make the residence much more accessible to a handicapped resident.

One method of estimating the number of residents who have a disability for which conventional housing design could present barriers is to review the Census count of persons with a public transportation disability. The barriers which could prevent an individual from using public transportation are in some ways similar to the barriers presented by conventional housing design. In 1980, the Census Bureau counted 129 individuals 16-64 and 117 individuals 65 and over with a public transportation disability or 1.1 percent of the total population.

No information is available on the income of these residents on their housing costs.

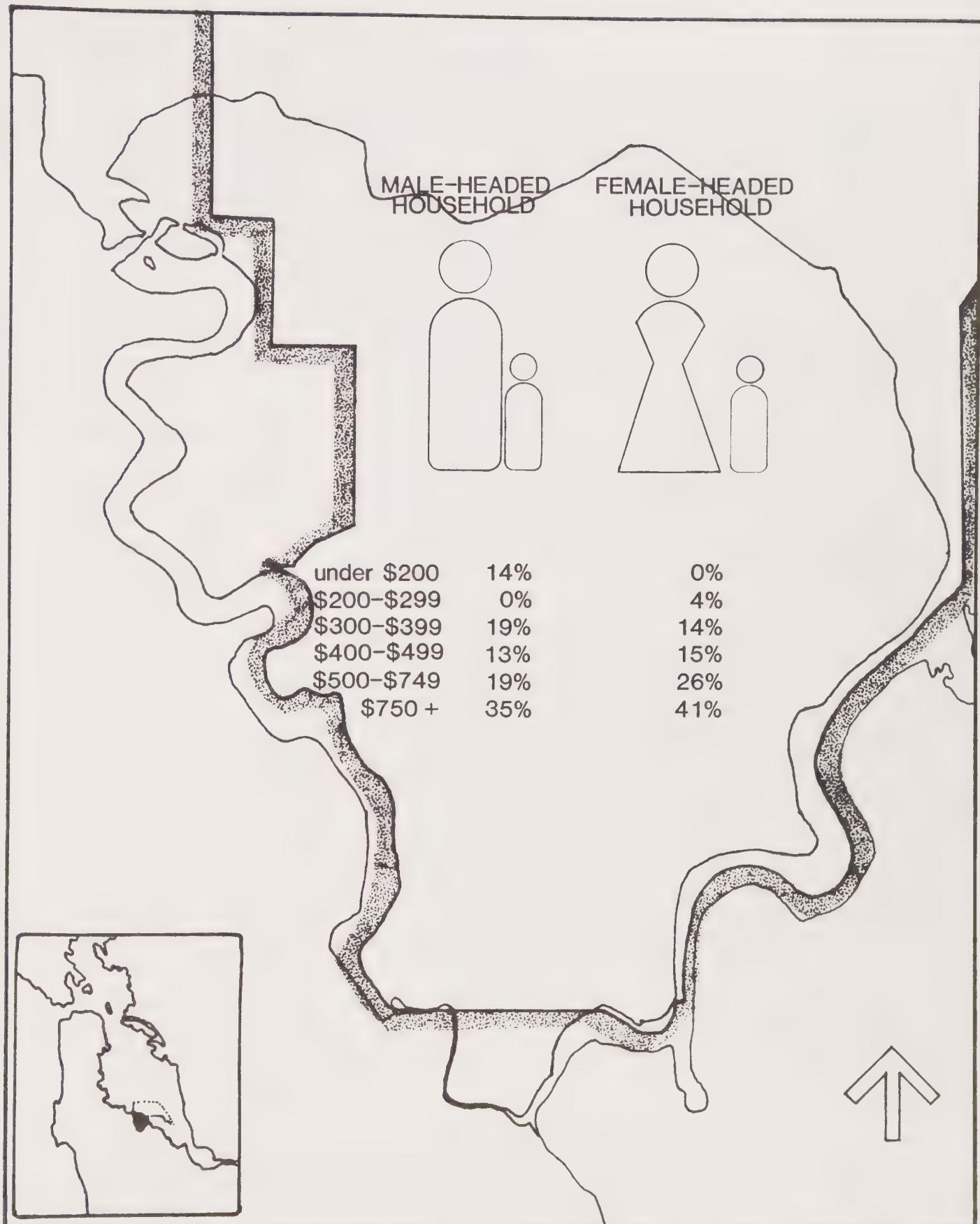


FIGURE 15
HOUSING COSTS FOR
SINGLE-PARENT HOUSEHOLDS
(1980)

Victims of Illegal Discrimination

State and federal laws prohibit owners of real property, their agents, or lending institutions from discriminating against individuals based on race, religion, ethnic background, or other arbitrary distinctions. California law, in addition, prohibits discrimination in the sale or rental of housing based on age, except for projects specifically designed for senior citizens. Appendix A lists the applicable state and federal laws.

While there has not been any documented pattern of housing discrimination in Foster City, isolated incidences of discrimination may occur and require a governmental response.

New Employees of Foster City

Over 15,000 new jobs could be created in Foster City. At least 1,100 to 1,200 new households could be expected to move into Foster City as a result of this additional employment (for a discussion of expected housing demand generated from new employment, see the section on Housing Production and Needs).

This is a conservative estimate based upon the 1980 trend of commuting patterns. However, since 1980, considerable commercial and office development has taken or will take place in Foster City. The total amount of commercial/industrial/office space under construction approved, and pending will add over 3.65 million square feet of space to Foster City and 0.55 million square feet of space on a San Mateo site bordering Foster City. The expansion of employment opportunities in Foster City may encourage a greater percentage of workers to live and work in Foster City. Many of these workers will be looking for first-time home buying or rental opportunities in the City. However, prevailing market prices and rents in Foster City would prevent most lower-income and moderate-income new workers from locating suitable housing in Foster City.

The addition to Foster City's housing stock will exceed 2,700 units. Once these residential units and the planned commercial developments are completed, there will be few further vacant sites remaining on which to construct additional housing.

The City's ability to increase the supply of housing for new lower- and moderate-income workers in Foster City is limited, then, to negotiations with the proponents of the residential developments still pending approval or with owners of the remaining vacant properties.

Lower Income Households Facing High Housing Maintenance Costs

There are a number of lower-income households, over 500, which owned their homes in Foster City in 1980. Some of these households may be unable to keep abreast financially with maintenance costs, property taxes, and utility payments. This is especially true for residents on limited incomes, such as retired or disabled home owners. There is no way to directly measure from the Census reports the number of lower-income homeowners who may be experiencing financial difficulties in maintaining their homes.

The problem for many such residents, especially those who have resided in their homes a long time, is that they are equity "rich" but income "poor." These homeowners need a financial assistance vehicle whereby the equity accumulated in their homes can be used to meet current operating and maintenance expenses so that residents need not sell their homes.

Individuals in Overcrowded Housing Units

In 1980 there were 160 housing units with more than 1 person per room; 59 of these units contained more than 1.5 persons per room. Of these 160 units, 19 were occupied by households with 125% or less of the poverty level income.

However, only a few of the 160 overcrowded households would likely find suitable housing within their income constraints in the planned residential developments.

One solution to help lessen overcrowding is to ensure that the remaining housing units to be constructed in Foster City contain some large family units (3 bedrooms or more) and some homes affordable to lower-income households.

The incidence of overcrowding is symptomatic of the high cost of housing which forces children to remain in their homes longer or unrelated individuals to share living accommodations. This situation is an economic response to the financial constraints of housing cost and availability in many Bay Area communities.

Emergency Assistance Needs for Homeless Individuals

Available Programs: A network of public and private organizations provide emergency housing assistance to residents of central San Mateo County (Foster City, San Mateo, Belmont, Burlingame, and surrounding areas). Public funds for emergency aid for housing are dispersed principally through the San Mateo County Department of Community Services. Private organizations which dispense emergency assistance for housing include:

- * Catholic Social Services, a church-supported assistance organization. Among its services is a housing "voucher" program, which provided temporary lodging to 20 families from Foster City in 1984; a "first-and-last-month's rent program," which provided funds in 1984 for 24 families from Foster City who did not have enough money to prepay their first and last month's rent; and a senior housing program, which temporarily assisted 45 elderly residents in 1984. Catholic Social Services draws upon funds from San Mateo County and contributions from church members, the United Way, and other community organizations. Funding for its emergency housing assistance programs is extremely limited, and the first-and-last-month's rent program fund is currently exhausted.

Catholic Social Services also operates a rental referral service for individuals searching for affordable housing. The service works through local real estate agents to find apartments for families or senior citizens.
- * INCH Program Interface Networks for Community Help (INCH), a social services program sponsored by 75 San Mateo County churches, provides limited emergency housing aid to local families and transient adults and minors. The program receives few requests for assistance from Foster City Residents; however, the INCH program services are used extensively by residents in other central county areas. The Director of INCH stated that many requests for emergency lodging are from transient individuals or families on their way to another location. Minors (principally teen-aged run-a-ways) can be housed temporarily through the "Your House" program or by the Catholic Social Service Center. INCH also has an emergency assistance back-up fund which can be used in last resort cases for temporary lodging by individuals or families with no other sources of income. INCH is also involved in a public/private partnership program, the purpose of which is to identify key community needs for emergency housing assistance.
- * Salvation Army The Salvation Army operates several emergency assistance programs in the central county area. The Salvation Army provides housing vouchers, as do other community organizations, to indigent individuals who have applied for general assistance. The Salvation Army also dispenses assistance through its "chapel" fund, a back-up fund of temporary assistance for individuals who cannot obtain assistance from any other source.

Available Facilities: The Emergency Housing Consortium operates a small family shelter in Menlo Park. The shelter can handle 18 families with an eventual capacity of 20 families. The County also operates a shelter for battered women in San Mateo. However, there are no overnight shelters for homeless adults or families in central San Mateo County.

Unmet Needs: The directors of the various emergency assistance programs in San Mateo County gave the following priorities for unmet emergency housing assistance need:

- * An overnight facility for single adults in central San Mateo County. The director of INCH believes that such a facility would be used almost exclusively by local residents due to the unmet demand in central San Mateo County.
- * A seasonal facility to house indigent single adults during the fishing season (Foster City itself does not experience an influx of transient adults during fishing season; this is a regional need).
- * A community facility or half-way house to temporarily orient individuals released from state or community mental institutions.
- * A community facility or half-way house to temporarily orient individuals released from correctional facilities.
- * An emergency/temporary shelter for homeless elderly and disabled residents to allow these individuals an opportunity to apply for government assistance.
- * A community service center in central San Mateo County to serve as an aid disbursement and information center for the residents of Foster City, San Mateo, and surrounding communities.

ABAG Regional Needs Allocation

The Association of Bay Area Governments (ABAG), a regional planning and information-gathering organization representing local governments in the nine-county Bay Area, is responsible for preparing projections of housing needs for each Bay Area City and County. The Association has prepared a ten-year housing needs assessment covering the 1980 to 1990 period.

The needs assessment divided housing need into two types: existing and projected. The existing housing need is the Association's estimate of the additional number of housing units necessary to achieve the "optimal" vacancy rate for each city and county as calculated by ABAG.

The projected housing need is the number of units needed to fill the existing need, provide enough units to accommodate the projected household growth in the city or county, and maintain an adequate rate of vacancy among households.

Projected need is based on a city's "sphere of influence" boundary, an area determined by the Local Agency Formation Commission* to represent the eventual urban services and/or incorporated area for each community.

The Association of Bay Area Governments has estimated Foster City's 1980 to 1990 housing need at 1,832 units, of which 222 units are "existing need" (as of December 1983) units necessary to increase the City's vacancy rate to the optimal level.

Of the total number of needed housing units projected by ABAG, the following distribution by income affordability range was calculated:

Very Low	293	(16%)
Low	275	(15%)
Moderate	366	(20%)
Above Moderate	898	(49%)

Each income group is defined as a percentage of San Mateo County's family median income. Very low income equals 50% or less of the County family median income, low income equals 50% to 80% of the County family median income, moderate income equals 80% to 120% of the County family median income, and above moderate income equals 120% or more of the County family median income.

* A County organization empowered under state law and headed by local elected officials to establish a boundary of ultimate urban service extension for each city.

Based on 1983 (most recent available) report of the California Franchise Tax Board, the State's tax collection agency, the approximate median income of San Mateo County residents was \$26,000. For Foster City to meet its 1980-1990 goal as established by ABAG, the following cost ranges would be necessary.

	<u>Number</u>	<u>1984 Cost Range (1983 Dollars)</u>	<u>Based on Maximum % of Monthly Income To Housing</u>
Very Low Income 10-50% of County Median	293	Up to \$325	80%
Low Income 50-80% of County Median	275	Up to \$520	30%
Moderate Income 80-120% of County Median	366	Up to \$910	35%
Above Moderate Over 120% of County Median	898	Over \$910	35% or more

Whether the units actually constructed since 1980 and to be constructed by 1990 are affordable in the projected needed amounts for all income groups depends on the type and size of housing units compared to the size of new households and individual household finances. Many new households residing in Foster City can be expected to occupy existing housing units. This turnover factor within the existing housing stock has been accounted for in the ABAG model, and the ABAG housing goal does not require that new housing be made available to the appropriate cost for all income groups.

It is not likely that a sufficient number of new units could be constructed that are affordable to families earning 80% or less of the County's family median income. Recent market rate information on housing prices and rents indicate that new units constructed since 1980 are affordable only to moderate-income (for some rentals) and above-moderate income (for most rentals and virtually ownership units) residents.

Approximately 400 units affordable to moderate- and middle-income residents will be made available in two City projects. Marina Green (138 units) and Citihomes (265 units). Qualified home-buyers will be eligible to receive home loans at a fixed interest rate of 10.45 percent. The low-interest loans will be made available from the proceeds of a \$20.5 million mortgage revenue bond sale.

Employment-Generated Housing Demand

Of the total additional housing demand in Foster City, a substantial portion of the demand will result from planned commercial developments.

The Edgewater Technology Center is a 20-acre research and office development project which will include 545,000 square feet of gross floor area. Only 2 acres of the site are within Foster City. The San Mateo portion of the project site was formerly zoned for residential use. The City of San Mateo estimated that the project site could have accommodated up to 1,305 medium to high density residences or as many as 2,516 senior citizen units.

The final environmental impact report prepared for Foster City contained an employment projection of between 1,700 and 2,200 workers from the project.

The Vintage Park Master Plan covers a 132-acre site in the northwestern corner of Foster City, across state Route 92 from Metro Center and the Edgewater Technology Center. The previous plan called for 500 residential units in a mixed-use project. The revised plan calls for 713,000 square feet of research and development office space, 1,100,000 square feet of general office space (603,000 to be constructed prior to 1990), 29,500 square feet of retail space, and 281 hotel rooms. The developer of Vintage Park will be required to provide its share of low- and moderate-income housing as required under the Community Redevelopment Law on another site in the City.

The final environmental impact report for Vintage park contains a projection of 7,000 employees. Modifications in final plans have reduced total floor area by seven percent, which may reduce the total number of employees that the project will eventually accommodate. Based on the scheduled completion for each phase of development, approximately 4,610 employees would be added to the Foster City work force from this project between 1985 and 1990.

Another planned development is Metro Center, located between State Route 92, Foster City Boulevard, Hillsdale Boulevard, and Edgewater Boulevard. The plan for this project is a revision of a 1981 plan approved by the City. The plan includes 1,465,000 square feet of office space, 202,000 square feet of retail space, and 500 residential units.

Two other commercial projects will add 79,500 square feet of office space, 29,750 square feet of retail space, 24,450 square feet of restaurant space, 350 hotel rooms, and 144 residential units.

The total estimated employment between 1985 and 1990 from these planned developments is 14,700 to 15,200 workers.

OFFICE/COMMERCIAL INFORMATION
MAY 1985

Project	Office Sq. Ft.	Retail Sq. Ft.	R&D Sq. Ft.	Hotel Rooms	Rest. Sq. Ft.	Resid. Units	Other Sq. Ft.
Metro Center	1,465,000	202,800	—	448	—	500	Day Care 10,000
Vintage Project	1,100,000	29,500	713,000	281	—	—	—
Bridge Landing	79,500	18,000	—	350	—	—	—
Foster City Marina	—	11,750	—	—	24,450	144	—
*Edgewater Tech Center	545,000						
TOTALS	3,189,500	262,050	713,000	1079	24,450	644	10,000

*Edgewater Technology Center has consistently been included in our analysis. Although, this project will likely have an effect on Foster City, the majority of the project site and all buildings are located in the City of San Mateo.

If one assumes that these added job opportunities attract slightly more workers to the area than new jobs available (historically about 2%) the total additional labor force generated by these developments would be between 13,000 and 15,500. Historically, about 12% of the residents in Foster City also work there. To maintain this percentage as a minimum objective for these planned developments, Foster City would have to plan to house at least 1,100 of the new workers. The average foster City household has 1.6 workers. Therefore, the minimum number of additional households that could be expected to reside in Foster City as a direct result of these planned developments is between 1,125 and 1,165. These calculations are based on employment generation ratios for Metro Center, Bridge Landing, and Foster City Marina of one employee per 225 square feet of office space, one employee per 300 square feet of retail/restaurant space, and one employee per .39 hotel rooms. (Source: Traffic impact model developed for the City of Newport Beach).

To provide adequate housing choice for these additional households, a vacancy factor, 1.036, should be included in the total number of additional housing units needed. This factor represents a 2% vacancy rate for ownership units. (60% of the housing stock) and 6% for rental units (40% of the housing stock).

Therefore, the minimum number of housing units needed as a result of these planned developments is 1,125 to 1,165 x 1.036, or 1,165 to 1,205 housing units. This number is 65 to 67 percent of the ABAG additional housing unit need allocation of 1,800 for the 1980-1990 period. Between 1985 and 1990, over 2,000 residential units will be constructed in approved or pending planned developments. Additional units will be constructed on vacant sites for which plans have not yet been submitted.

It should be emphasized that the preceding employment-demand housing needs assessment is a minimum measure of need based on past trends. Typically, large scale commercial projects will have secondary or indirect demand effects as small, local or services businesses are established in response to the major commercial developments. These secondary effects will be limited in Foster City as, with the completion of approved and planned projects, there will be little remaining commercially-zoned land. Given the number of housing units that can still be constructed in Foster City, however, it appears that nearly one-quarter of the new workforce could be accommodated within the City.

A January 1986 estimate by the Foster City Planning Department shows that 838 housing units were approved by the Planning commission (over 300 units are completed or under construction), and plans for 1,247 housing units had been submitted or were expected to be submitted for Planning Commission approval. The total number of new units that could potentially be produced in Foster City is therefore 2,085. The actual number of new units produced depends on final version of pending plans and if development proposals for two uncommitted sites include residences.

There remain a 3.1 acre vacant city-owned property and a 1.5 acre vacant church-owned property for which the development potentials were unknown at the time of adoption of this element. Following is a description of the location and type of approved or pending residential projects.

It is not expected that additional housing units could be accommodated from the conversion of commercially or industrially designated properties as virtually all of the City's nonresidential land is committed to already approved projects, proposals under review, or projects for which plans are anticipated soon.

RESIDENTIAL INFORMATION - MAY 1985

1. VACANT PARCELS LEFT IN FOSTER CITY FOR RESIDENTIAL USE
(Asterisk = Inclusion in Community Development Agency Boundaries)

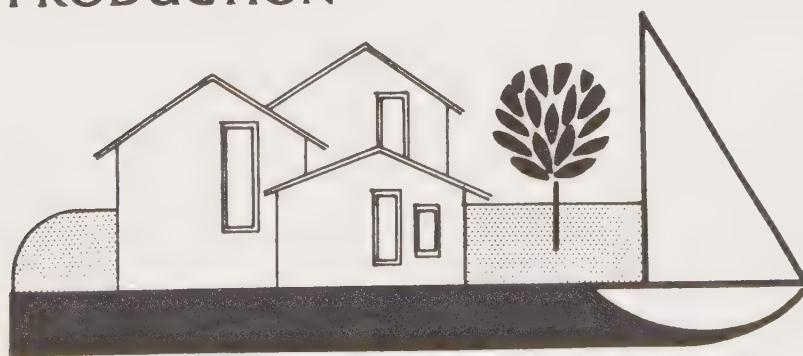
Project Name And Owner	Location	Proposed Type & Number of Units	Status
A. Parcel M, Zoning: R-1/PD Gen Plan: S. F.	Neighborhood 7	84 S F Units	Approved by PC, December 1985
B. Parcel N, Zoning: R-1/PD Gen Plan: Condo	Neighborhood 7	156 Twnhse	Application filed, action pending
C. Parcel F, Nantucket Village Zoning: R-T/PD Gen Plan: Townhouse	Neighborhood 7	82 Units	Approved by PC, December 1985
D. Foster's Landing* Zoning: R-3/PD Gen Plan: Condo	At Foster City Blvd, Shell Blvd and Bounty Drive	490 Condos	Approved by CC 11-85, permits issued/30 units
E. Metro Center* Zoning: C-2/PD Gen Plan: Town Center/Commercial	At Hwy 92 & E. Hillsdale	235 Condos	Application not yet submitted; 235 units max. allowed.
F. Sea Cove Village* Zoning: R-3/PD Gen Plan: Condo	At Edgewater Blvd & Sea Spray Lane	56 Condos	Approved by PC, September 1985
G. Foster City Marina* Zoning: CM/PD Gen Plan: Comm	So City Boundary off Beach Park Blvd	144 Condos	Application pending
H. City Property* (1.3 acres) Zoning: PF High School Site	Next to Civic Center between FC Blvd & Shell Blvd	Unknown	Land Use Study land in pro- gress.
I. Excess Church Property* Zoning: PF	Corner of Gull & Beach Park Blvd	Unknown	Zoned P F, but could be re- zoned for res.
TOTAL	9 PARCELS	1247 UNITS (excl H & I)	

RESIDENTIAL INFORMATION - MAY 1985

2. PROJECTS APPROVED BY PLANNING COMMISSION BUT NOT COMPLETED OR OCCUPIED
 (Asterisk = Inclusion in Community Development Agency Boundaries)

Project Name And Owner	Location	Approved Type & Number of Units	Status
A. Greenport Project Zoning: R-1/PD Gen Plan: S F	Neighborhood 7 8A, Parcel A	37 S F Units	Project completed
B. Williams Landing Zoning: RT/PD Gen Plan: Twnhse	Neighborhood 7 Parcel C	103 S F Units	Permits issued for 37 units
C. Alden Crossing Zoning: R-1/PD Gen Plan: S F	Neighborhood 7 8A, Parcels D/E	92 S F Units	54 units compl, permits issued for 38 units
D. Anitgua Zoning: R-1/PD Gen Plan: S F	Neighborhood 7A Parcel L	126 S F Units	Building permit issued for 61 units
E. Citihomes East* Zoning: C-2/PD Gen Plan: T C/Comm	Metro Center	116 Townhomes	Permits issued for 47 units
F. Citihomes West* Zoning: C-2/PD Gen Plan: T C/Comm	Metro Center	147 Townhomes	Approved by PC, June 1985
G. Venezia Project Zoning: R-3/PD Gen Plan: Condo/Res	Catamaran Ave & Shell Blvd	46 Condos	Project under construction
H. Marina Green* Zoning: R-3/PD Gen Plan: Condo	At Tarpon St & Swordfish St, west of Bowditch School	138 Condos	Building permit issued for 24 units--Mortgage Rev Bonds
I. Simba Group Zoning: R-3/PD Gen Plan: Condo	At Balclutha Dr & F C Blvd	13 Condos	Approved by PC
J. Martinique Zoning: R-1/PD Gen Plan: S F	Corner of Boothbay	20 S F Units	Approved by PC; proj for sale
TOTAL	10 PARCELS	838 UNITS	

PLANNING PERMIT PROCESS AND HOUSING PRODUCTION



There are many locally imposed land use and building requirements that can affect the type, appearance, and cost of housing built in Foster City. These local requirements, include zoning design standards, development fees, parking requirements, subdivision design standards, and architectural review. Other building and design requirements imposed by Foster City follow the state laws - Uniform Building codes, Subdivision Map Act, energy conservation requirements, etc. While building and energy codes add to the cost of housing, their existence ensures that all new housing units will meet minimum levels of performance for habitability, structural safety, and energy use. Perhaps the chief mitigating factor which positively affects housing design and availability is the extensive use of the planned development process.

The Planned Development Process

From its inception, Foster City has been a "planned" residential community in the sense that most of its housing units are located in projects that were designed in several phases with building locations, common facilities, interior roads, and utility locations coordinated by master plans for each project. As a result, Foster City contains a greater percentage of multifamily housing units and attached single-family units than surrounding communities.

It is the City's belief that the planned development process has facilitated housing densities in Foster City that are significantly higher than one might expect from a suburban Bay Area community. The use of the planned development process for housing developments allows the City to negotiate housing design and densities early in the permit process to reduce potential delays later in the process from community concerns about new housing design and density.

All of the sites for which residential development projects have yet to be approved or plans submitted for City approval are located in areas zoned with the planned development combining district. This combining district designation allows a greater range of residential densities and site configurations than would otherwise be allowed under the residential zoning designation.

The underlying zoning densities for parcels yet to be developed as of May 1985 ranged from one unit per 5000 square feet of lot area for the R-1 zone to one unit per 2190 square feet of lot area in the R-3 zone. However, the use of the planned development process for these sites will allow average densities to be set on a case-by-case basis, somewhat higher than would otherwise be achieved under conventional zoning practices.

The Planned Development Combining District does not contain determined densities for residential development. Rather, these densities are set by the individual plans for each planned development. The detailed plans for such developments address the maximum building dimensions, lot coverage, building locations, the placement of streets, minimum floor areas per dwelling unit, parking, and other design standards normally associated with zoning districts. These standards are tailored to each development.

Development Fees

Development fees can add several hundred to several thousand dollars to the cost of a new home in Foster City. These fees are used to defray the cost of project review, provide road improvements benefitting a newly developed area, and to provide park and recreation facilities for the benefit of the new residents. The actual cost for any particular project varies depending on its facilities demands and the number and type of dwelling units. The following table summarize the City's fees and park dedication requirements.

Zoning Densities

The Land Use Element of the General Plan allows condominium developments from 20 units to 35 units per acre, while apartments are allowed up to 20 units per acre. There is no residential development within the City over 20 units an acre, though the R-4 district in the Zoning Ordinance allows 35 units an acre. Because of parking and open space requirements, the allowable 20 units per acre is often further reduced to 14-16 units per acre. To obtain additional residential land, a rezoning to R-3 or R-4 would be necessary along with a General Plan amendment. While densities are often lower than the allowed limits, the maximum density could be achieved in the case of elderly housing if parking requirements were reduced. Figure 16 compares the zoning requirements of the residential zones in Foster City. Zoning densities can also be modified through the use of the planned development described previously.

Parking Standards

The Zoning Code requires two parking spaces per unit for each single family home. For duplexes, condominiums, townhouses, and apartments, 1.5 parking spaces is required for each one bedroom unit and two parking spaces for each two- and three- bedroom unit. In addition, 0.5 parking spaces per unit is required for guest parking.

Parking requirements for planned developments are set on a case-by-case basis, although there would have to be some aspect of the development that would indicate reduced use of automobiles in order for the City to require less parking than normally specified in the Zoning Code.

Foster City Development Fee Schedule

Permit	Fee*
Variance	
R-1	\$ 50
Other Zone	\$150
Use Permit	
R-1	\$50
Other Zone	\$200
Rezone	\$200
Planned Unit Development	\$400
General Plan Amendment	\$500
Tentative Map	\$500
Parcel Map/Lot Line Adjustment	\$ 50
Architectural Review	
R-1	\$ 25
Other Zone	\$100
Negative Declaration	\$100
Planning Commission Interpretation	\$ 25
Appeal of Planning Commission Decision	
R-1	\$ 10
Other	\$ 25
Parkland Dedication	5 acres per 1,000 residents**

* Plus time and materials

** Or equivalent value in lieu fee or private recreation facilities

The City's parking requirements could represent a constraint to development if there were a market for residential condominiums, townhouses, or rental apartments at densities of twenty units per acre or more at lower rents/prices than would be necessary for an unsubsidized development to be undertaken.

Architectural Review

The City reviews the exterior design of residential buildings, site plan, landscape plan, and interior floor plan of residential buildings to ensure that project design is consistent with existing projects in Foster City. The architectural review process is integrated with the City's overall permit process and should not significantly increase the cost or time required to construct housing on the remaining residential sites. The procedures for architectural review are specified in the City's Zoning Code. The Code does not contain separate design standards for residences within the chapter on architectural review. The architectural review requirement is merely a procedural step to ensure that design standards in other parts of the Code are met.

Permit Approval Process

Development review also affects housing costs. Because of interest rates and inflation the longer it takes for a development proposal to be approved, the higher the development costs. A large scale residential project with 100+ units can take up to six months between the time the initial application is filed to when the project is approved. Prior to beginning residential development in Foster City, an application must be submitted to the Planning Department and must be approved by the Planning Commission and the City Council before filing for a building permit. Processing time varies based on the size of the project and the extent of environmental review required.

Minimum Floor Area

Although Foster City's Zoning Code contains minimum floor areas requirements for all housing units, these floor area standards are waivable in the Planned Development zone based upon several criteria, including the effect of the standard on the cost of housing. Minimum floor areas would be specified as part of the detailed plans for a planned development. Foster City has a history of allowing smaller units in planned developments than otherwise required by the Zoning Code (some as small as 600 square feet). The zoning requirements for minimum floor areas appear below.

A. Detached single-family residence	1,800 square feet
B. Townhouse units:	
Minimum unit size	1,250 square feet
2-bedroom (single-story)	1,250 square feet
2-bedroom (two-story)	1,350 square feet
3-bedroom	1,500 square feet
4-bedroom	1,650 square feet
C. Condominium units:	
Minimum unit size	900 square feet
1-bedroom	900 square feet
2-bedroom	1,100 square feet
3-bedroom	1,300 square feet
D. Rental apartment units:	
Minimum unit size	750 square feet
1-bedroom	750 square feet
2-bedroom	900 square feet
3-bedroom	1,050 square feet

(plus 140 square feet per additional bedroom)

The minimum floor areas required in cases in which the standard is not waived are not significantly above the size of typical homes in Foster City. A sample survey of new single-family detached homes conducted by the Construction Industry Research Board (Burbank, California 1983) found the average floor area of new homes to be 2,171 in San Mateo County and 1,805 in the State overall.

The City recognizes that large minimum floor area requirements can contribute to increased housing costs; therefore, the City has attempted to maintain the level of housing quality in Foster City and simultaneously encourage the construction of affordable housing.

As an example, the previously sited Bank of America housing cost profile for a standard construction cost for a 1,500 square foot home of \$77,025, exclusive of land and site preparation costs. The same home at a required minimum living area of 1,800 square feet would cost \$86,890, or nearly 13% more.

Service and Facility Infrastructure

In 1978, each assessor's parcel of land in Foster City was divided into a separate "zone of benefit." The zones were established along with a formula to measure benefits in order to determine a dollar assessment for each zone which would be used to pay the principal and interest on the City's bond indebtedness. A reassessment was necessary since inflation made it impossible to complete public works projects from previously authorized bond issues. All parcels were assessed for benefits derived from drainage, lagoon frontage treatment, sewer, and water. The formula for assessment permits annual recalculations to account for new development.

Future residential development, as well as all other development, is required to assume responsibility for its zone of benefit. Annual costs for multifamily apartment buildings depend on the public works projects both completed and needed in each neighborhood location. In 1978 in Neighborhood 1, a 122 unit apartment building's debt assessment calculations were \$21,319 and in Neighborhood 3, a 164 unit apartment building's debt assessment calculations were \$27,872.

Market Constraints

Perhaps the two greatest market constraints to the provision of affordable housing in Foster City are construction costs and high interest rates. With Bay Area construction costs averaging \$40 to \$50 per square foot for residences (excluding overhead and site preparation costs), even a modest home can be expensive to build.

According to the Bank of America, which compiles housing cost statistics for a prototype three-bedroom home, the total direct costs, excluding land, for a three-bedroom home was \$77,025 in October 1984, a 4.5 percent increase over the previous year. Major materials components of the overall cost include: overhead and profit (12.7%), plumbing (7.3%), stucco (6.5%) and roofing (5.1%).

Land costs, including site preparation, utilities, roads, and other services installed by a developer further increase the minimum cost of a home in Foster City. These costs bring the minimum cost of a market rate home in Foster City to \$120 - \$125,000.

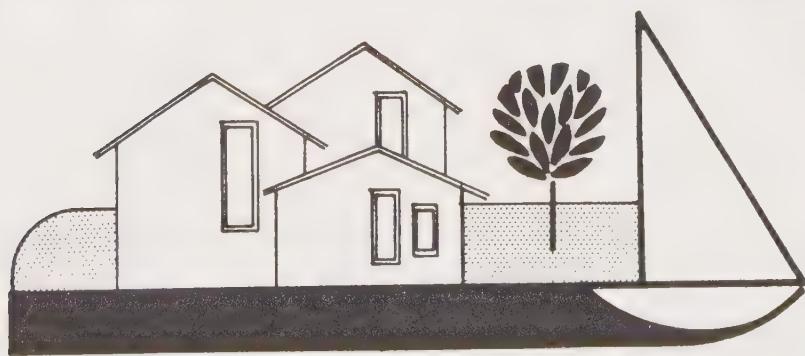
The actual cost to the consumer of such a home also depends upon financing costs. Recent experience suggests that mortgage interest rates can fluctuate by two or three percentage points over a several month period. The following table shows how these fluctuations can affect monthly mortgage payments on a \$125,000 home with 80% financing on a 30-year loan.

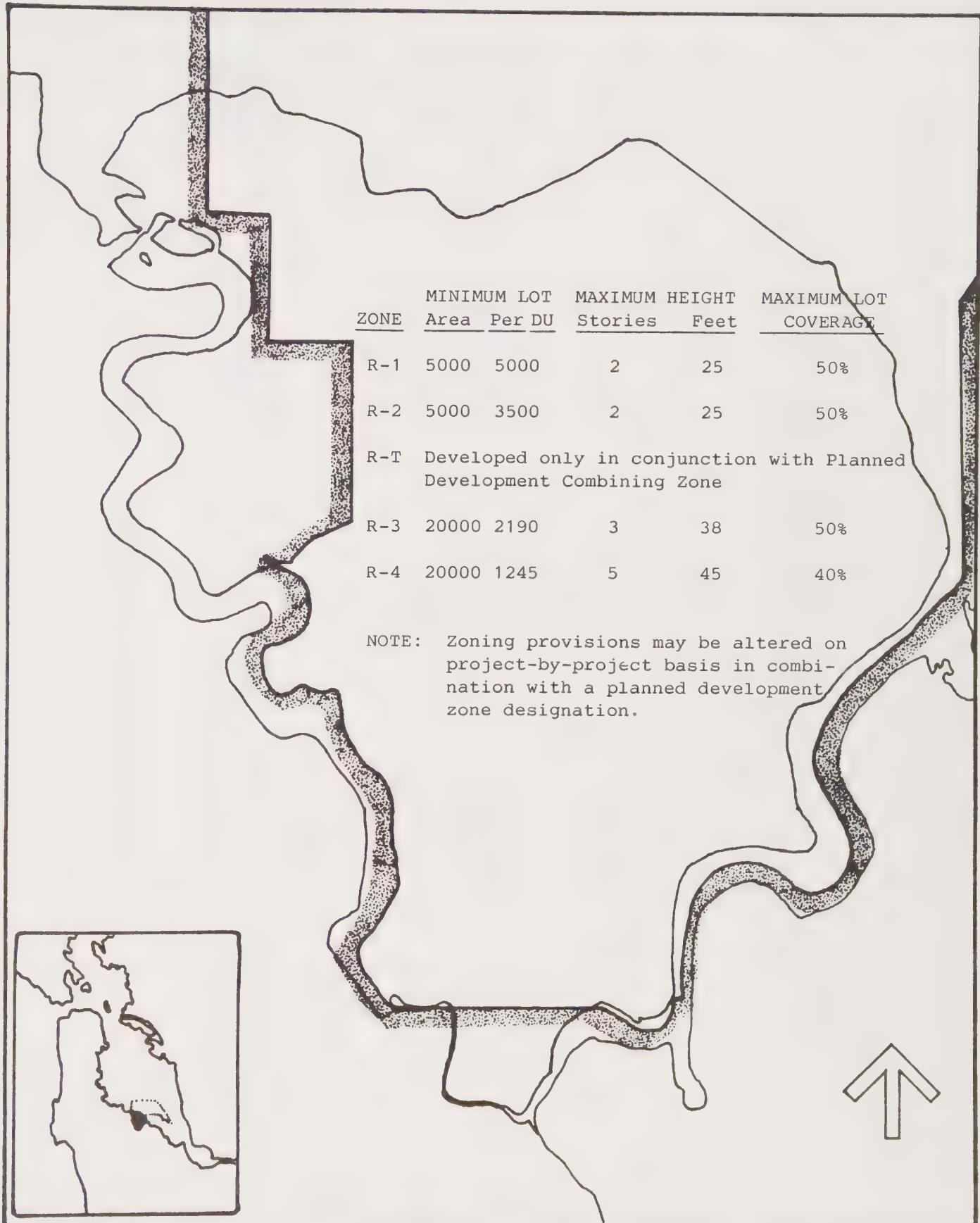
Interest Rate	Amount Borrowed	Monthly Mortgage Payment
9%	\$100,000	\$ 805
10%	\$100,000	\$ 878
11%	\$100,000	\$ 952
12%	\$100,000	\$1,029
13%	\$100,000	\$1,106
14%	\$100,000	\$1,185
15%	\$100,000	\$1,264

If a family is to devote 25-30 percent of its income for the mortgage payments (leaving 5 to 7 percent of its income for other housing expenses so that total housing costs do not exceed 35% of income), then the income needed to purchase the same home rises dramatically as interest rates increase. Between \$32,200 and \$38,640 in annual income would be required to borrow \$100,000 at 9 percent interest. At 12 percent interest the necessary income increases to between \$41,160 to \$49,390. At 15 percent, between \$50,560 and \$50,670 in annual income is required.

The effects of construction costs and interest rates can also be dramatic for rental properties. Based on a 1980 report to the City, the rent needed to profitably construct a 650 square foot apartment was \$648 per month and \$894 per month for a 900 square foot apartment. Unit construction costs were \$45 per square foot. Land costs ranged from \$200,000 to \$1 million per acre. Other costs averaged \$15 per square foot. The detailed analysis appears below.

HOUSING PRODUCTION AND NEEDS





FOSTER CITY

FIGURE 16
RESIDENTIAL ZONE
DENSITY REGULATIONS

**COMPARISON OF CONVENTIONAL DEVELOPMENT
COSTS AND RENTAL FIGURES VS. VARIOUS
COST REDUCTION METHODS ASSUMED
TYPICAL MULTIFAMILY APARTMENT PROJECT**

	900 Sq. Ft.			900 Sq. Ft.			Tax Exempt Financing Effect
	900 Sq. Ft. Conventional	900 Sq. Ft. Case	Base used With Cost Reduction Methods	Bonus Density(+20%) Unit Inclusion(15%) Low/Moderate Units	Bonus Units @800 Sq.Ft. Reduced Costs Low/Moderate Units	Bonus Units @800 Sq.Ft. Reduced Costs Low/Moderate Units	Low/Moderate Units
Total Units	180	150		30	30	30	30
Density (Units/Acre)		30	du-(1) ac				
Land Requirement/Acre	5 acres		5 acres				
Land Cost per Acre	\$ 1,000,000		\$1,000,000		-0-	-0-	-0-
Construction Costs							
Site Preparation	\$ 435,600		\$ 435,600		-0-	-0-	-0-
Unit Construction	\$ 7,290,000		\$6,075,000	\$1,215,000		\$1,080,000	\$1,080,000
Financing (1)	\$ 849,816		\$ 716,100	\$ 133,650		\$ 118,800	\$ 44,600
Other 15%	\$ 1,158,750		\$ 976,590	\$ 182,250		\$ 162,000	\$ 162,000
Total Construction Costs	\$ 9,733,566		\$8,203,290	\$1,530,900		\$1,360,800	\$1,286,600
Total Costs With Land	\$10,733,566		\$9,203,290	\$1,530,900		\$1,360,800	\$1,286,600
Required Gross Rents/ Annual Income (2)	\$ 1,932,041		\$1,564,559	\$ 244,944		\$ 217,728	\$ 167,258
Average Rent per Unit per Month	\$ 894		\$ 869	\$ 680		\$ 604	\$ 464
Required Annual Income							
Rent Equals 25% of Income	\$ 42,934		\$ 41,721	\$ 32,640		\$ 29,030	\$ 22,300
Rent Equals 33% of Income	\$ 35,402		\$ 34,412	\$ 26,928		\$ 23,918	\$ 18,374

(1) Interim loan at 13% and 2 points, plus permanent loan fee of 1 point.

(2) Assumes gross income (100%) is equal to sum of operating expenses (35%) and net operating income (65%) where the latter is equal to sum of developer return on equity at (5%) and debt service payment. Permanent loan @ 12%, 30 years.

Source: Cathy Simon Report, May 22, 1980

**COMPARISON OF CONVENTIONAL DEVELOPMENT
COSTS AND RENTAL FIGURES VS. VARIOUS
COST REDUCTION METHODS ASSUMED
TYPICAL SENIOR HOUSING APARTMENT PROJECT**

	650 Sq. Ft.	650 Sq. Ft.		Bonus Density(+20%)		Bonus Units @550 Sq.Ft.		Tax Exempt
	Conventional	Base Used	With Cost	Unit Inclusion(15%)	Reduced Costs	Reduced Costs	Financing	
	Case	Reduction Methods		Low/Moderate Units	Low/Moderate Units	Low/Moderate Units	Effect	
Total Units	50	43		7		7		7
Density (Units/Acre)		43 du-(1) ac						
Land Requirement/Acre	(1) acre	(1) acre						
Land Cost per Acre	\$ 200,000	\$ 200,000		\$ -0-		\$ -0-		\$ -0-
Construction Costs								
Site Preparation	\$ 87,120	\$ 87,120		\$ -0-		\$ -0-		\$ -0-
Unit Construction	\$1,462,500	\$1,257,750		\$204,750		\$165,550		\$165,550
Financing (1)	\$ 178,137	\$ 147,935		\$ 22,522		\$ 18,210		\$ 6,870
Other 15%	\$ 232,443	\$ 201,730		\$ 30,712		\$ 24,832		\$ 24,832
Total Construction Costs	\$1,960,200	\$1,694,535		\$257,984		\$208,592		\$197,252
Total Costs With Land	\$2,160,200	\$1,894,535		\$257,984		\$208,592		\$197,252
Required Gross Rents/								
Annual Income (2)	\$ 388,836	\$ 322,070		\$ 48,636		\$ 33,374		\$ 25,642
Average Rent per Unit per month	\$ 648	\$ 624		\$ 579		\$ 397		\$ 305
Required Annual Income								
Rent Equals 25% of Income	\$ 31,104	\$ 29,952		\$ 27,792		\$ 19,056		\$ 14,640
Rent Equals 33% of Income	\$ 25,660	\$ 24,710		\$ 22,928		\$ 15,721		\$ 12,078

(1) Interim loan @ 13% and 2 points, plus permanent loan 1 point.

(2) Assumes gross rental income (100%) is equal to sum of operating expenses (35%) and net operating income (65%) where the latter is equal to sum of developer return on equity at (5%) and debt service payment. Permanent loan @ 12%, 30 years.

Source: Cathy Simon Report, May 22, 1980.

**COMPARISON OF CONVENTIONAL DEVELOPMENT
COSTS AND PURCHASER INCOME VS. VARIOUS
COST REDUCTION METHODS ASSUMED
TYPICAL TOWNHOUSE PROJECT**

	1,300 Sq. Ft.		Bonus Units @		Tax Exempt
	1,300 Sq. Ft.	Base Used	Bonus Density(+20%)	1,300 Sq. Ft.	Financing
	Conventional	With Cost	Unit Inclusion(15%)	Reduced Costs	Effect
	Case	Reduction Methods	Low/Moderate Units	Low/Moderate Units	Low/Moderate Units
Total Units	60	51	9	9	9
Units/Acre		14			
Density		50 du @			
Land Requirement/Acre	3.57 Acres	3.57 Acres			
Land Cost	\$ 714,000.00	\$ 714,000.00	-0-	-0-	-0-
Construction Costs					
Site Preparation	\$ 311,142.00	\$ 311,142.00	-0-	-0-	-0-
Unit Construction	\$3,510,000.00	\$2,983,500.00	\$526,500.00	\$486,000.00	\$486,000.00
Financing	\$ 487,890.00	\$ 414,706.00	\$ 73,183.00	\$ 67,554.00	\$ 24,994.00
Other 15%	\$ 526,500.00	\$ 447,525.00	\$ 78,975.00	\$ 72,900.00	\$ 72,900.00
Off Site Improvements (Estimate)	\$ 29,869.00	\$ 29,869.00	-0-	-0-	-0-
Total Construction Costs	\$4,865,401.00	\$4,186,742.00	\$678,658.00	\$626,454.00	\$583,894.00
Total Costs With Land	\$5,579,401.00	\$4,900,742.00	\$678,658.00	\$626,454.00	\$583,894.00
Average Cost Per Unit	\$ 92,990.00	\$ 96,092.00	\$ 75,406.00	\$ 69,606.00	\$ 64,877.00
Plus 10% Profit Per Unit	\$ 9,299.00	\$ 9,609.00	\$ 7,540.00	\$ 6,960.00	\$ 6,487.00
Total Unit Sales Price	\$ 102,289.00	\$ 105,701.00	\$ 82,946.00	\$ 76,512.00	\$ 71,364.00
Per Square Foot	\$ 78.68	\$ 81.30	\$ 63.80	\$ 64.76	\$ 59.47
Required Buyer Annual Income When Mortgage Payment Equals 33% Of Income	\$ 44,316.00	\$ 45,648.00	\$ 36,216.00	\$ 33,336.00	\$ 31,320.00

(1) Interim construction loan at 13% and 2 points.

(2) Assumes a 20% down payment with a 30-year mortgage at 12.75%. Mortgage payment includes principal, interest, taxes and insurance.

Source: Cathy Simon Report, June 27, 1980.

Environmental/Facility Constraints

An environmental impact report prepared for Town Center in 1981 and for the other residential sites and a traffic study prepared for the City in 1984 describe the environmental and facilities constraints that will need to be addressed for development of many remaining residential sites.

The chief environmental constraint to address in the housing developments is the possible settlement/subsidence of structures due to compaction of fill on Bay mud. Engineering and site design solutions are available to address this potential problem. Additional site development and preparation costs may result, but the exact effect on the final housing cost cannot be determined until building plans are submitted. Underground utility lines may also need flexible joints or shorter lengths to function properly under differential subsidence.

Development of Town Center and the other vacant areas will require the improvement of intersections and rights-of-way bordering the site. The actual cost per dwelling unit of the necessary circulation improvements has not yet been determined. Total improvement costs will be distributed among all Town Center uses - office, commercial, retail, and residential. The 1981 environmental impact report listed the following possible traffic mitigation measures:

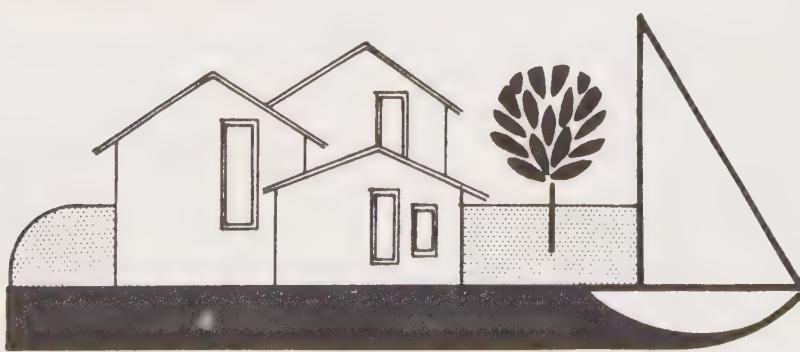
- * Construction of an overpass to State Route 92 from Town Center.
- * An interchange at Route 92 and 3rd Avenue and the widening of Route 92 at this point.
- * Connection of Town Center Drive to Route 92.
- * Signal lights at Triton Drive/Route 92 ramps, Edgewater Boulevard/Route 92 ramps, and Town Center Drive/Edgewater Boulevard.

Any required improvements to intersections and interchanges off-site would be borne by all of the commercial/industrial developments.

In addition, a 1984 study prepared for the City by Omni-Means/Nickelson (August 1984) recommended a number of other street widenings, street extensions, and signal placements. Depending upon the level of improvements, total costs were estimated to range from \$6.6 million to \$18.6 million.

The consultant's study recommended a fee of between \$1,000 and \$1,500 per single family unit and between \$520 and \$780 per condominium /townhouse unit to defray the traffic improvement costs.

HOUSEHOLD ENERGY USE AND CONSERVATION MEASURES



Energy costs have increased at least 100% over general inflation since 1970. Because of high energy costs, it has become increasingly important to include energy conservation measures in new housing construction. Energy conservation measures help to minimize the percentage of household income a household must dedicate to energy as well as minimize the use of non-renewable resources. The present value of these savings are typically greater than the added construction cost of the energy conservation features.

Present Energy Use/Costs

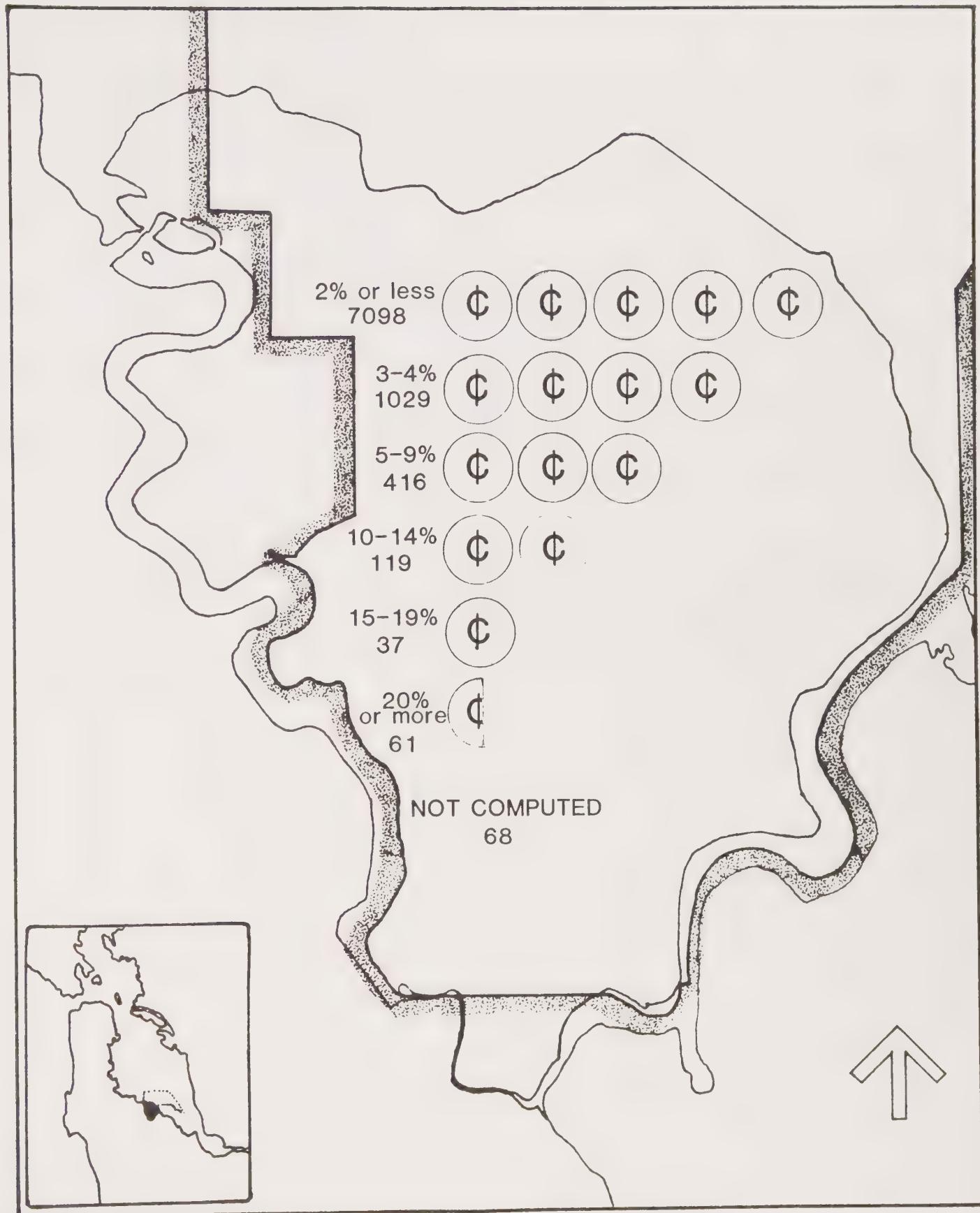
As displayed in Figure 17, 1980 Census data indicates that 80% of the residents (7,098 households) in Foster City contribute 2% or less of their household income to energy costs. Energy costs have remained relatively low in this area due to the community's geographic location on the inland-east side of the peninsula, adjacent to the Bay. This protected bay-shore location creates mild climate conditions year-round with lower temperature fluctuations than in other Bay area communities. Consequently, it significantly reduces the need for air conditioning - 98% of all housing units do not have air conditioning - and reduces the use of heating systems.

To meet heating needs, 69% of the housing units are equipped with central warm-air furnace units while the remainder find it sufficient to use built-in electric units (25%), hot water steam systems (3%) or floor/wall room heaters (3%). Almost two thirds of all heating systems rely on utility gas while one third rely on electricity. Bottled tank, or liquified petroleum gas is used by less than 1% of all households.

Conversely, 97% of all residents use electricity for cooking fuel while only 3% use utility gas. Utility gas is generally a more efficient source of energy for cooking than electricity.

Energy Conservation Measures

Currently, Foster City finds it is sufficient to encourage energy conservation through the enforcement of statewide energy standards (Title 24). These state energy conservation standards, which apply to single-family homes (adopted July 1983) and to multifamily units (adopted January 1984), ensure that newly constructed residential units meet a minimum level of energy efficiency. This minimum level of efficiency is enforced by the Foster City building department and requires that new residential buildings include the following features:



FOSTER CITY

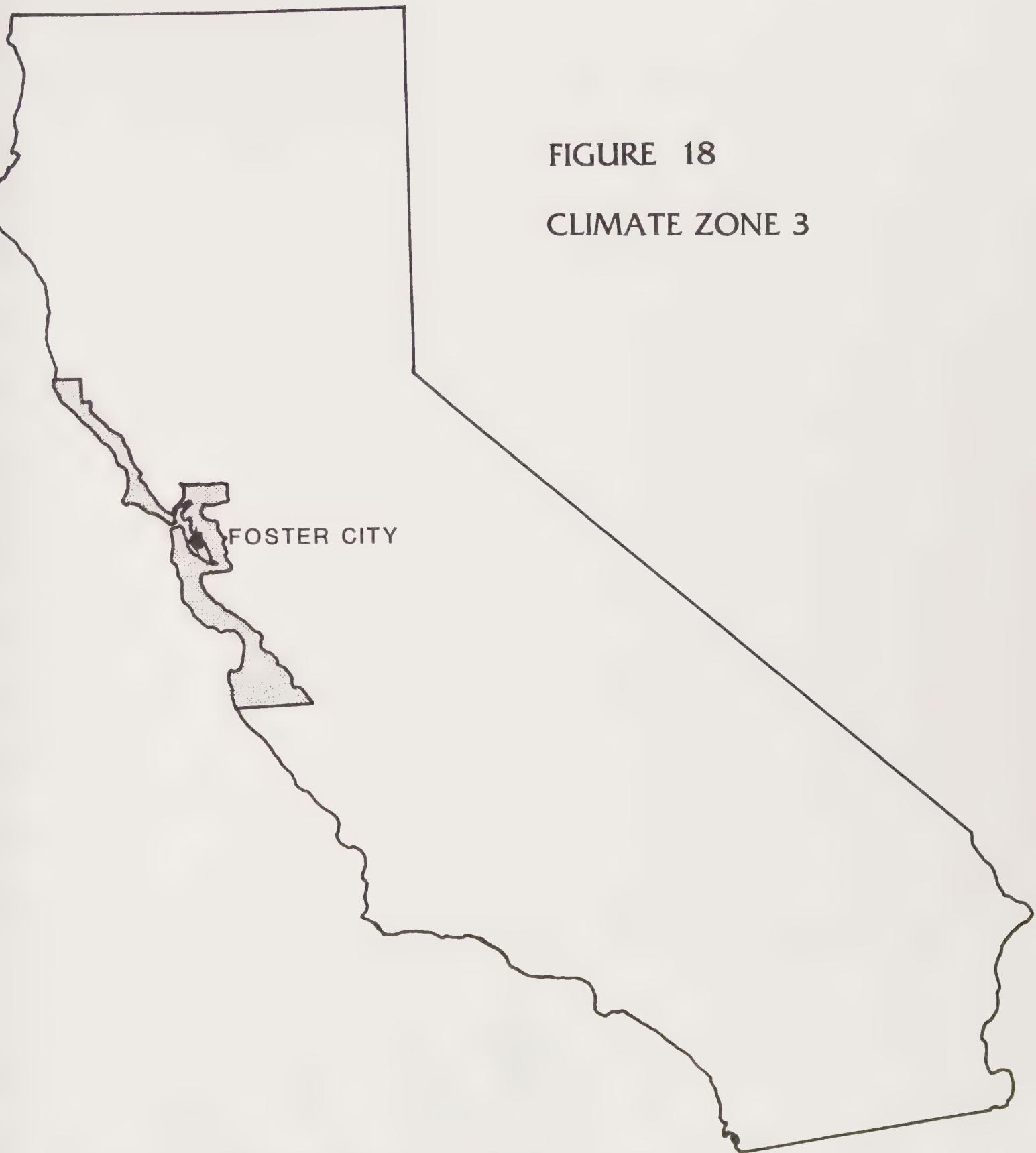
FIGURE 17
ENERGY COSTS AS A PERCENTAGE
OF HOUSEHOLD INCOME
(1980)

- * Insulation of ceilings, walls, ducts, water-tanks, and pipes
- * Caulking of all joints and penetrations
- * Approved and certified doors, windows, fireplaces, showerheads, faucets, and heating equipment
- * Setback thermostats
- * Efficient gas cooking appliances

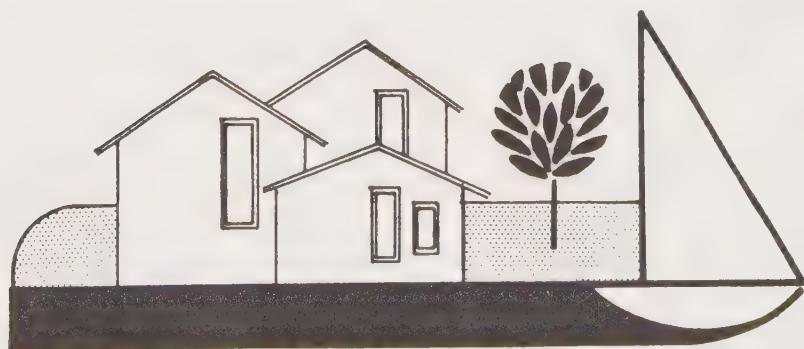
The state Energy Commission has divided the state into a series of Climate Zones which more specifically determines the acceptable level of energy use with which each area must comply. Foster City is situated in Climate Zone 3. A choice of three approved compliance methods may be used by Foster City developers to comply with Climate Zone 3 requirements: the component packages, the point system or the computer method. For detailed information concerning these energy conservation standards, refer to "New Residential Building Standards Energy Conservation Manual" (Climate Zone 3) issued by the California Energy Commission. Figure 18 shows the location of climate zone 3.

In addition, although not currently in effect, Foster City has the option of implementing a program in the future which consists of adopting a solar access ordinance. This ordinance would require the dedication of easements for the purpose of assuring that units on all parcels will have the right to receive adequate sunlight for any solar energy system.

FIGURE 18
CLIMATE ZONE 3



ALTERNATIVES FOR ACHIEVING HOUSING GOALS



The scarcity of low-cost housing for Foster City residents and potential residents continues to be a problem. Homeownership for low- and moderate-income residents is almost an impossibility. Because many new single-family homes are being sold for over \$200,000, and the median priced home is \$180,000, families earning under \$60,000 cannot afford to own housing unless they are able to increase their downpayment above the 20 percent level. Increased residential densities, modified City regulations, or participation in federal programs will not significantly reduce the costs of single-family homes in Foster City. The exclusion of low-income families from the single-family home market increases pressure on the rental market and reduces the rental vacancy rate while causing rents to rise. The housing shortage that currently exists prevents the natural forces within the private market from working to make rents more affordable.

The focus for providing new housing is best directed to multifamily ownership units. Emphasis should be placed on the development of housing for elderly and disabled residents due to the large growing concentration of elderly in the City. These units are more likely to be constructed at a price range which lower-income residents can afford. The use of federal subsidies also has the best impact in this area.

The development of a housing program will require Foster City to become actively involved with both the private sector and other public agencies. Provision of affordable housing is an objective that the City cannot accomplish by itself. The following programs illustrate methods in which the use of subsidies or non-monetary housing cost reduction techniques can increase the supply of affordable housing for lower-income households.

It should be noted that none of the alternatives described below would, by itself, be sufficient to reduce housing costs enough to greatly expand lower- and moderate-income housing opportunities.

The City has examined a number of alternatives in developing its housing program. These have included:

1. Assistance to developers through various state and federal housing assistance programs (see Appendix A)
2. Rezoning and General Plan Amendments
3. Bonus incentives
4. Inclusionary zoning (only within the Community Development Area)
5. Modification of construction codes (if appropriate)
6. Encouragement of mixed residential/commercial projects
7. Priority processing of projects that include non-market rate units

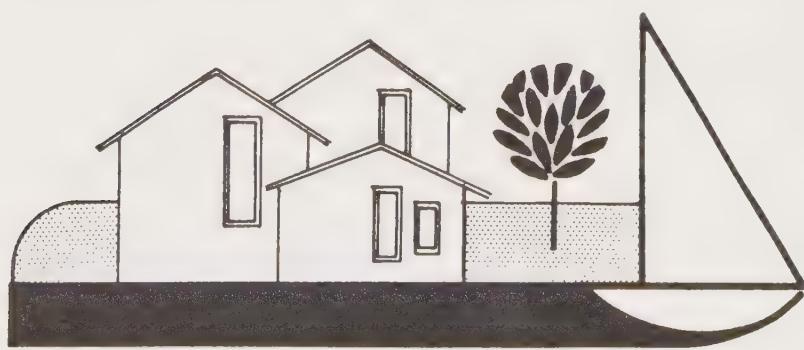
8. Review of industrial and commercial development proposals
9. Regulation of condominium conversions
10. Participation in the Community Development Block Grant program
11. Active enforcement of anti-discrimination laws
12. Code enforcement to preserve the City's level of housing quality
13. Financial assistance to low-income homeowners who are unable to maintain their homes
14. Education in home maintenance.

Appendix B describes these alternatives.

The next section explains the programs that the City will actually pursue. The City will attempt to make use of the alternative strategies explained in Appendix B; however, several constraints are present:

- * State and federal funds are extremely limited. The City (developer, or non-profit housing sponsor) would have to submit a competitive application and probably use other sources of funds (private, CDBG, in-lieu fees, etc.) to increase the competitiveness of an application.
- * Density bonuses and other regulatory incentives can only apply prospectively, that is, to future project proposals. After discounting for already approved and pending projects, only three sites - Metro Center, the church property, and the City Hall site - remain on which to use regulatory incentives.
- * Rezoning and General Plan amendments will be of limited use to the extent that potential sites for housing, not already committed are scarce. If current public facility sites (schools and other public buildings) become available in the future, these can be rezoned for residential use.
- * The Section 8 program may, for all practical purposes, be limited to the number of certificates allocated at the beginning of this five-year housing element. It is uncertain if the federal government will make additional commitments after 1985. The Section program has not been extensively used in Foster City because market rate rents have been higher than the "fair market rent" limits established by the federal government.
- * Housing tied specifically to commercial projects will only be feasible in limited cases, such as the large-scale Metro Center project. It is not expected, however, that the few remaining uncommitted commercial parcels could contribute substantially to employee housing.

THE HOUSING PROGRAM



Housing Goals

Adequate Supply of Housing

1. To meet Foster City's regional share of additional housing needed in the San Francisco Bay Area during the 1985-1990 period.
2. To provide new housing at the highest feasible densities consistent with environmental constraints, the capacity of municipal services and facilities, and existing development patterns.
3. To encourage the development of housing which offers a variety of styles (detached, attached, condominium, townhouse, apartment, etc.) and tenure (ownership or rental).
4. To ensure that new housing includes some units that meet the needs of special population groups identified in this housing element.
5. To preserve the affordability of a portion of the existing housing stock for lower- and moderate-income households.
6. To balance the supply of housing and employment so that, at a minimum, the same percentage of new employees have an opportunity to live and work in Foster City as existing employees.

Housing Opportunity

7. To ensure that housing is made available to all persons regardless of race, sex, national origin, age, marital status, income or other arbitrary factors.

Maintenance of Housing

8. To maintain the existing high quality of housing in Foster City.
9. To discover and to correct violations of the City's standards of housing maintenance.
10. To seek methods of assisting residents who are financially unable to maintain their homes.

Energy Conservation

11. To assure that new homes meet minimum standards for energy efficiency.

12. To encourage owners of existing housing units to adopt energy conservation measures.

Citizen Participation

13. To assure that interested residents have an opportunity to examine and participate in the development of Foster City's housing program.

Evaluation

14. To periodically monitor and evaluate the City's progress in meeting the goals and objectives set forth in the housing program.

Policies and Implementation

Adequate Supply of Housing

1. The City will meet its regional share of additional housing needed in the San Francisco Bay Area during the 1985-1990 period.

Implementation:

The Association of Bay Area Governments has calculated Foster City's Regional housing share at 1,832 units for the 1980-1990 period. During the next five years (1985-1990), the City expects construction to begin or finish on approximately 2,100 housing units. The City will continue to review residential proposals as they are received.

2. The City will continue to approve housing at higher densities consistent with environmental constraints and surrounding development patterns.

Implementation:

- a. The highest residential densities will be achieved in the Metro Center project, a mixed office, hotel, retail, and residential development.
- b. Projects approved or pending before the City have densities that range from .29 to 9 units per gross acre for single-family projects (average of 7.7) and from 12.6 to 17.4 units per gross acre for townhouse and condominium projects (average of 15.8).*

* Excluded from this calculation is the Foster City Marina project and Regis Homes.

3. The City will encourage a variety of housing styles, types, and tenure.

Implementation:

The City will continue to encourage the use of the planned development process to achieve a diversity of housing types and tenure and to provide greater choice for new residents of Foster City.

4. The City will seek to ensure that residential projects to be developed in Foster City contain some housing units that are affordable to lower- or moderate-income residents. When necessary, the City will offer a density bonus incentive and other financial incentives, to the extent they are available and workable, under various state and federal programs.

Implementation:

- a. The City has accomplished the following activities under its prior housing element:

- 1) Publicly-assisted housing projects
- 2) Issuance of tax-exempt mortgage revenue bonds
- 3) Approval of density bonus units
- 4) Collection and use of redevelopment tax increment funds
- 5) Provision of housing units in new developments that are affordable to lower- or moderate-income residents through negotiated development process

- b. The City will use a negotiated development process to reserve between 10% and 25% of the housing units to be developed within the Community Development Area for residents earning between 80% and 120% of the County's family median income. This policy would result in the construction of 150 to 250 "affordable" housing units.

Project	Number of Low/ Mod. Inc. Units	Construction Date
Marina Green	22 (16%)	1985-1986
Foster's Landing	75 (15%)	1986
Sea Cove Village	6 (11%)	1986-1987
Metro Center*	75 (28%)	1986-1987
Vintage Park**	75 (NA)	1986-1987

*Percentage based upon 265 units for first phase of Metro Center approved by Foster City.

**Housing component has been removed from on-site project. Developer is obligated by agreement to find a project for use of the tax increment revenues which would have been used for affordable housing at Vintage Park.

The City will require the developers (or owners) of the projects to agree to maintain the affordability of the housing units of low- and moderate-income household for 20 to 33 years.

The City would offer the following incentives to achieve the objectives under this policy:

- 1) Provision of tax-exempt financing for low-interest home loans through the use of the federal law relating to Single-family mortgage subsidy bonds. This action would require the City to apply for a mortgage bond credit allocation from the state in 1986.
- 2) Allowance of cost-saving site design techniques, such as zero-lot line development, clustered housing on smaller lots, smaller unit sizes, and other methods of reducing the total cost of internal roads and utilities serving the development.
- c. As an alternative to the provision of housing affordable to moderate income households, the City will consider assessing an in-lieu fee of one percent of the selling price of each unit. The fees could be used to provide housing affordable to lower- and/or moderate-income residents on City-owned property or on another site.

5. The City will cooperate with other public agencies to use available programs to provide lower-cost housing.

Implementation:

- a. The City will continue to participate in the federal Section 8 program of the 1937 Housing Act (as added by the Housing and Community Development Act of 1974.) The City will also participate in the federal Housing Voucher Program if this program is phased in nationwide to replace the Section 8 Program.
- b. The City will contact the owners of the two vacant church sites to determine their long-term plans, if any, for those properties. These sites are located at the intersections of Gull and Beach Park Boulevard and Tarpon and Beach Park Boulevard. If these are made available for the development of housing, the City will pursue one of several options:

- 1) If the property owners wish to be co-sponsors of a lower/moderate-income housing project, use a combination of City, State, and/or federal incentives to develop the project. The construction could be accomplished through a private developer or public/private non-profit housing developer.

Local assistance could be provided through a density bonus, the use of Community Development Block Grant funds for site improvements (utilities), the use of in-lieu housing funds to reduce the final cost of housing, or the use of redevelopment tax increment funds, 20 percent of which must be used to support lower- and moderate-income housing activities.

State and/or federal assistance could take the form of low-interest loans from the California Housing Finance Agency or the federal Department of Housing and Urban Development, tax-exempt industrial development bonds (for multifamily rental housing), and loan guarantees. Partial subsidy of construction could be arranged from in-lieu housing fees or redevelopment tax increment funds.

- 2) If either or both property owners wish to sell the property(ies), the City could arrange to acquire the site for eventual development of lower/moderate-income housing by a public or non-profit housing sponsor. Site acquisition and preparation could be funded from CDBG funds, by charitable donation of the property owner(s), or from a state predevelopment loan. Construction financing could be provided as in 1) above.
- 3) A final option is for the City to act as a facilitator but not a direct sponsor of a lower/moderate-income housing project. The City could assist a public or non-profit private housing sponsor to negotiate with the property owners and provide financial assistance in land acquisition, site preparation, or construction finance.

c. All sites zoned P-F, (public facilities) if considered for rezoning to residential, will be designated priority sites for low- and moderate-income housing. Any development at those sites should be compatible with existing development.

- d. Sites zoned commercial or industrial will not be designated as priority sites for low- and moderate-income housing. However these sites will be reevaluated for this purpose if they remain vacant over the next five years.
- 6. The City will review commercial and industrial development proposals to determine if affordable housing will be available for the employees.

Implementation:

- a. For large-scale developments, the City will consider recommending that the developer contact private investment firms that arrange joint homeownership programs for employers and employees in order to provide affordable ownership housing for employees of firms locating in Foster City.
- b. As development proposals occur, the City will encourage a mixed use development on those parcels where a mix is feasible and where the housing needs of the potential employees could be met (as in Metro Center).
- 7. The City will regulate the conversion of apartments into condominiums, community apartments, stock cooperatives, and planned developments to preserve the existing stock of rental apartments.

Implementation:

- a. The City has adopted a conversion ordinance linking any conversions to the development of additional rental housing within the City. The ordinance provides for lifetime leases for seniors and handicapped tenants. Ten percent of the converted units must be for qualified low- and moderate-income owners with deed restrictions on resale (unless financing is impossible), or 1% of gross sales must be contributed to the City, and comparable rental housing must be available in the Housing Market Area.
- 8. The City will ensure that new housing includes units that can be adapted for use by disabled residents.

Implementation:

- a. The City will implement state standards (Title 24, California Administration Code) for the adaptability of apartments in buildings of five or more units. The standards require most apartment units to be accessible in terms of entry and circulation and

thereafter can be adapted to meet the specific needs of a handicapped person for items such as grab-bars, movable sinks, etc.

- b. The City may allow a one-for-one density bonus, up to 25% of the number of units otherwise allowed, for developers who provide actual handicapped access features and fixtures. The City will adopt standards (similar to the state's standards) for the types of features that must be provided so that a developer may receive a density bonus.
9. The City will continue to allow secondary dwelling units ("granny flats") in R-1 zones, subject to specified requirements.

Implementation:

The City adopted an ordinance in February 1984 approving secondary residential units in single-family (R-1) zones subject to the following requirements:

- * At least one of the residential units must be owner-occupied.
- * The second unit must contain at least 450 square feet but not more than 640 square feet of living area and contain no more than one bedroom.
- * The minimum square footage of the principal residence may not be reduced below 1800.
- * The secondary unit must be attached to the primary dwelling and must appear as an integral part of the dwelling.

(See Chapter 17.78 of the Foster City Municipal Code for complete requirements.)

In pursuing the above strategies to ensure an adequate supply of housing, the City will emphasize new housing to meet the needs of new employees and their families. Given the amount of commercial and retail development that will take place over the next five years, employment-generated housing demand is expected to be the most important factor in the City's future new housing needs.

Housing Opportunity

1. To ensure that the sale, rental, or financing of housing is not denied to any individual on the basis of race, sex, national origin, religion, age, or other arbitrary factors.

Implementation:

a. Foster City will ensure that state and federal laws are adhered to regarding fair housing. These laws include:

State (Fair Employment and Housing Act, Government Code Section 12900) Prohibits discrimination based on race, color, religion, national origin, ancestry, sex or marital status in all housing. Discrimination includes failure to rent/sell/show a property equally, making inquiries or statements of preference about a group which is protected, and unequal terms, conditions or privileges in occupancy or financing.

State (Unruh Civil Rights Act, Civil Code Sections 51 and 52) Guarantees the right of all persons including families with children, to full and equal accommodations, advantages, facilities, privileges or services in all businesses of every kind whatsoever, regardless of sex, race, color, religion, ancestry, national origin or other arbitrary basis.

State (Ralph Civil Rights Act, Civil Code Section 51.7) Provides that all persons have the right to be free from violence, or intimidation by threat of violence, committed against their persons or property because of their race, color, religion, ancestry, national origin, political affiliation, sex, or position in a labor dispute.

State (Civil Code Section 54) Guarantees the rights of blind or visually handicapped, deaf or otherwise physically handicapped persons to full and equal access to all housing accommodations. The right of a blind or deaf person to be accompanied by a guide dog or signal dog is also guaranteed.

State (Health and Safety Code 19901) Elderly persons (over 60) may not be barred from keeping pets by any public agency providing housing; this does not apply to privately-owned Section 8 housing units. The number of pets is limited to two, but includes dogs, cats, birds, aquarium animals, etc.

* One room offered for rent in an owner-occupied home is exempted from this law.

Federal (Civil Rights Act of 1968, Fair Housing Section, 42 U.S. Code, Sections 3601-3619) This law prohibits discrimination in the sale or rental of residential property containing five units or more; buildings with four units or less if the owner does not live in the building; one-family houses sold or rented by the owner of more than three such houses; and all residential sales or rentals involving the services of a real estate broker, agent or sales person, mortgage or lending institution. This law also prohibits "blockbusting" and "steering" (See page 7).

Federal (Civil Rights Act of 1866, U.S. Code Section 1982) The United States Supreme Court has determined that this law prohibits any racial discrimination in any kind of housing, regardless of whether the housing is covered under any other law.

The City, through its Public Works and Community Development Department, will refer discrimination complaints to the appropriate legal service, county, or state agency. At the state level, the Department of Fair Employment and Housing investigates discrimination complaints.

- b. If eligible, the City will use Community Development Block Grant Funds to support a local non-profit organization, such as Operation Sentinel, to provide public information and education services on anti-discrimination laws.
2. The City will continue to monitor the availability and cost of rental units in Foster City to determine if further restrictions on condominium conversions or rent guidelines are necessary.

Implementation:

- a. The City will consider an ordinance to require all Foster City apartments to report, by unit, their rent increases for the previous 12-month period. The purpose of this reporting is to establish a monitoring system to determine the extent of rent increases occurring within the City and to compare with other adjacent municipalities. This will allow the Council the opportunity to determine if some

* One room offered for rent in an owner-occupied home is exempt from this law.

form of rent control is necessary. At this time rent control is not proposed as a solution to high housing costs. The ordinance shall also stipulate that new buyers of Foster City apartment buildings be made aware of the ordinance's existence and its requirements.

Reducing Housing Costs

1. The City has examined its Zoning Code and has amended it to allow smaller housing unit sizes in planned developments. The City will continue to review its zoning policies to determine how minimum floor area, parking, architectural review, and other provisions can be modified for designated lower- or moderate-income housing units to reduce the cost of those units. Minimum floor areas can be reduced through the planned development process (PD combining zone).
2. The City will study the use of existing residential parking to determine if parking requirements are excessive.

Maintenance and Preservation of Housing Quality

1. The City will encourage measures to maintain the existing housing stock in its overall good condition. Minimum floor areas can be reduced currently through the use of a planned development combined zone.

Implementation:

- a. Continue and expand the existing zoning code enforcement programs. The Planning Commission shall review their adequacy. The citation procedures will continue to be implemented. Add an ongoing educational program regarding the importance of code compliance including landscaping standards. This program can be accomplished through articles in the local newspapers and mailings with the water bills. Include in the City's code compliance program a resale inspection or disclosure requirement. Such a requirement would have property owners furnish prospective buyers with a list of code violations.
- b. Continue the voluntary fire code inspection program.
- c. Determine the need for an expanded building code enforcement program. If necessary, request adequate staff to establish a voluntary building and zoning code inspection program for the Building and Planning Departments.

2. The City will encourage rehabilitation to the extent possible and when necessary to achieve the goals of this element. No quantified objective for housing rehabilitation has been established as the City has not identified a need for a housing rehabilitation program during the five-year period covered by this element.

Implementation:

- a. Information on the amount and type of housing requiring rehabilitation should be obtained by the City. If sufficient need is evident, the City can explore the use of Community Development Block Grant funds to assist in rehabilitation by establishing a Housing Conservation Area. The use of Marks-Foran or SB 99 revenue bonds can also be considered to finance rehabilitation loans.

Rehabilitation efforts would focus on lower-income homeowners, especially elderly residents, who are financially unable to bring their homes up to building code requirements. Another program activity would involve rental units occupied by lower-income residents.

- b. The City will contact community service clubs and organizations to determine their interest in establishing a volunteer labor-assistance housing improvement program for homeowners physically or financially unable to maintain their properties.

Energy Conservation

1. New homes will meet standards of energy conservation.

Implementation:

- a. The City enforces Title 24 of the California Administrative Code. Title 24 contains the requirements for energy conservation in new residential structures.
- b. The City will review its development ordinance to determine if zoning, building, subdivision, or other requirements discourage the use of energy conservation measures (placement of solar panels, energy conserving architectural designs, building orientation, etc.).

2. Owners of existing residences should be encouraged to adopt energy conservation measures.

Implementation:

- a. The City will review its zoning, subdivision, and other development ordinances to determine if these regulations present barriers to the design or placement of energy conservation equipment or construction for existing residences.
- b. The City will use Community Development Block Grant Funds, if available, to assist lower-income residents to weatherize their homes or make other energy-conservation home repairs.

Citizen Participation

1. Interested residents should have an opportunity to comment and suggest changes or additions to the housing element before it is adopted by the City Council.

Implementation:

Citizen comments were solicited during the public hearings on the Housing Element held by the Planning Commission and City Council. Public hearings were conducted on the draft element on June 20, July 11 and August 5, 1985. Comments were solicited from citizens at large, interested developers, and other business persons and citizens interested in housing. Notices of the public hearings were posted in public buildings in the City and published in the Foster City Progress and Foster City Islander newspapers.

Continued citizen participation will help the success of the program and should be encouraged when the Housing Element is being reviewed, updated, and/or evaluated.

Monitoring City Progress

1. The City will annually review the progress the City has made toward its housing element goals and objectives. If, at any time, specific programs are not effectively addressing identified housing needs or if new information becomes available regarding housing needs, the City will revise the housing element.

Relationship of the Housing Element to Other General Plan Elements

The General Plan is a comprehensive and overriding policy guide for urban development, composed of specific elements which discuss goals, policies, and programs. The Housing Element complements the General Plan by defining policy, proposing new programs and incorporating data and analysis specified by the State of California. In addition to the Housing Element, the State Guidelines require the following other elements: Land Use, Circulation, Noise, Scenic Highways, Open Space, Conservation, Seismic Safety and Safety. These elements place some regulation on the design and location of residential development projects.

For example, the Land Use and Circulation elements are the building blocks that integrate the other elements. These two elements define the city form, densities, and the location and movement of people and goods. The Housing Element may require changes in the Land Use Element in order to accommodate the proposed subsidized housing. These changes can be accomplished by a General Plan Amendment or a revision of the Land Use Element.

The Open Space and Conservation elements preserve open areas which are essential to maintaining the quality of life within a community. Provision for public facilities and open space are part of the development approval process both for residential and non-residential projects.

The Seismic Safety Element makes recommendations for guiding and regulating development in seismic areas such as Foster City. The scientific and engineering information in the element is used to regulate the development of housing in order to protect lives and property.

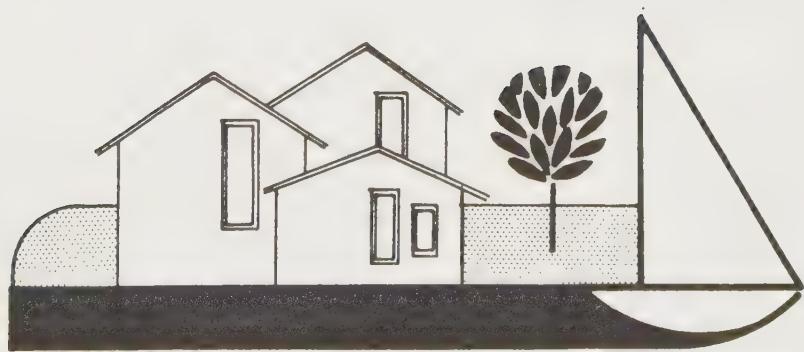
The Noise Element recommends that the City should establish a system of monitoring noise as part of the process for architectural review and planned development projects to insure that noise standards are met. Future developments are required to incorporate treatment of surrounding noise impacts. The most noticeable noise source in Foster City is from aircrafts using San Francisco International Airport and San Carlos Airport. The most adversely affected area is Neighborhood 2 which is located almost directly under the approach to San Francisco International Airport's runway 28L. Flights from San Carlos Airport have less impact on the community but are more noticeable by residents of Neighborhood 8. The only way the City can restrict this type of noise is by regulating land use and requiring building insulation.

The Public Safety Element introduces safety considerations into the planning process. It covers fire prevention and control, crime prevention and provision of emergency services. It relates to the Housing Element by emphasizing the safety features in residential projects.

The Scenic Highways Element provides for the planning of scenic highways by designating local scenic routes. These routes are to be convenient to the population while providing access and connection to residential areas. Consideration of roadway aesthetics is to be taken into account in future residential developments.

On a County level, this Housing Element conforms with the housing goals and policies that are part of the San Mateo County Housing Element. The "regional share allocation" for Foster City uses the figures provided by the Association of Bay Area Governments to assess Housing Needs. In accord with the State Guidelines Foster City has accepted its share of the region's housing needs.

APPENDIX A



The following state and federal programs are available to assist public and private housing sponsors.

Federal Department of Housing and Community Development Programs

Cooperative Housing (Section 213). HUD insures mortgages made by private lenders to non-profit cooperative housing corporations in projects with five or more units.

Multifamily Rental Housing for Moderate-Income Families (Section 221(d)). HUD insures mortgages made by private lending institutions to help finance construction or substantial rehabilitation of multifamily (five or more units) rental or cooperative housing for moderate-income families.

Direct Loans for Housing for the Elderly or Handicapped (Section 202). HUD provides direct loans to private non-profit housing sponsors to finance rental or cooperative housing for elderly and/or handicapped residents.

Mortgage Insurance for Elderly Housing (Section 231). HUD insures mortgages on projects of eight or more units designed for elderly and/or handicapped residents.

Housing Development Grants. Grants are awarded on a competitive basis to local governments to increase the supply of rental housing affordable to lower-income residents. Grants may not exceed 50 percent of total development costs, and at least 20 percent of the units in a project must be reserved for 20 years or more for lower-income residents.

Public Housing Development. HUD provides aid to local housing authorities for the development or purchase of housing projects affordable to low-income residents. Funds for new projects are limited. Public housing projects are only possible if the electors in the responsible agency's jurisdiction have approved the use of municipal powers for this purpose (so called "Article 34 Referendum" under the California Constitution).

California Department of Housing and Community Development

Rental Housing Construction Program. HCD provides financial assistance for the construction of new rental housing developments in which at least 30 percent of the units will be affordable to low- and very low-income families, elderly citizens, or disabled persons. Assistance is provided to public and private housing sponsors. This program is administered in cooperation with the California Housing Finance Agency.

Predevelopment Loan Program. HCD makes loans to public agencies and non-profit corporations for a variety of pre-development expenses incurred in securing long-term financing for the production or rehabilitation of subsidized housing. Loan proceeds may be used to purchase land or land options; pay advance fees for architectural, engineering, and legal consultants; to cover permit fees and site preparation costs, and similar expenses.

California Housing Finance Agency

80/20 Rental Housing Mortgage Loan Programs.

Under this program, CHFA makes below-market-interest-rate loans available to participating developers in exchange for a commitment that at least 20 percent of the units are made available at rents that are affordable to households which earn no more than 80 percent of the county median income. The agency may also make deferred interest second mortgages on rental housing projects.

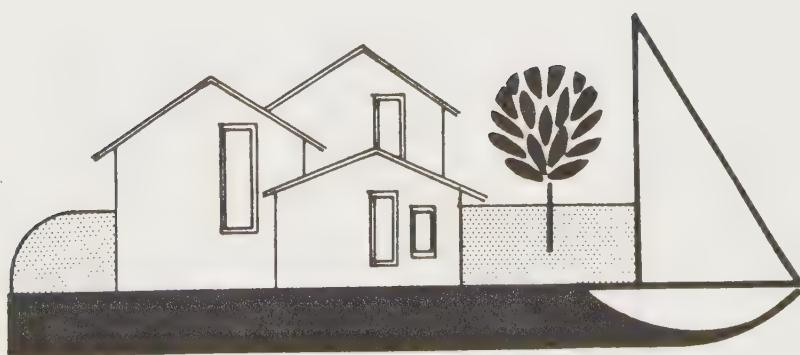
Turnkey Programs. CHFA provides below-market interest rate construction financing on projects to be purchased by public housing authorities under the federal Department of Housing and Urban Development's public housing development program.

Home Mortgage Purchase Program. CHFA issues tax-exempt bonds to provide below-market interest rate home loans to eligible first-time homebuyers on homes which do not exceed established price limits. A local jurisdiction may also issue tax exempt bonds for this purpose provided that the jurisdiction has received a bonding "allocation" from the state - an authorization to issue up to a specified amount of tax-exempt bonds.

Cal-First Homebuyers Program. Under a program authorized by the state's voters in 1982, CHFA administers a program that provides an interest rate subsidy on home loans to qualified first-time homebuyers. The subsidy is channelled through 15 participating lending institutions. The source of the funding is a \$200 million general obligation bond approved by state voters. Bonds are retired from the proceeds of repayments of the interest rate subsidy made by the homebuyers. These repayments begin in the seventh year of a loan.

Self-Help Housing Program. Under this pilot program, CHFA provides loan insurance to finance the construction of housing projects in which the eventual homeowners participate in the construction of the units in lieu of a downpayment. A non-profit housing corporation must sponsor a project and provide technical supervision and training, acquire land, provide plans, and package a loan for eligible families.

APPENDIX B



The following discussion explains the various programs considered by the City.

Non-monetary Housing Cost Reduction Techniques

1. Assistance to Developers

The City could aid developers of low-cost housing by the selection of sites for lower-cost housing and provision of information regarding federal and state subsidy programs. Non-profit and private developers that specialize in the construction and/or financing of lower-cost housing can be encouraged to submit proposals for various sites identified.

2. Rezoning and General Plan Amendment

To meet the "regional share" allocation for lower-income households for Foster City, a rezoning and General Plan Amendment would be necessary. A portion of the goals could be met through participation in the Existing Section 8 Program. However, high rents in Foster City limit the usefulness of this program. According to the San Mateo County Housing Authority only 4 Section 8 contract units are being rented by certificate holders. Some additional Section 8 certificates may become available in 1986, but beyond that year, no additional federal commitments are expected. San Mateo County or public or private developers of low- and moderate-income housing would need to further evaluate the sites identified within this report. Rezoning of all sites would not be necessary to meet the City's housing goals.

Because the City is projected to be built out by 1990, it will be unable to continue adding low- and moderate-income housing without redevelopment; however, it would be difficult to increase the number of low- and moderate-income units set in the yearly goals because of the existing traffic conditions and the need to emphasize commercial and industrial development.

3. Bonus Incentives

Cities have often used zoning tools to promote special types of development or provide various amenities. Generally, incentives such as reduced parking or increased density have been granted for the provision of additional open space, setback, or pedestrian amenities in commercial and industrial developments. Bonuses can reduce some of the development costs of low-income housing. For example, if the City permits development at higher densities,

land costs can be reduced. The developer is allowed higher density and a reduction in site improvement costs if he or she provides a portion of the extra units at cost.

Bonus incentives can be used by allowing extra density for all lower cost housing in all multifamily zones or only for those sites identified for the development of low cost housing.

It is uncertain if a density text requirements bonus, by itself, is sufficient to reduce a developer's per unit costs to the point where lower-or moderate-income housing can be included in a project without an "internal subsidy" from the market rate units. That is, the price or rents on some units might be raised (to the extent that consumer demand permits) to recoup the "loss" from units made available to lower- or moderate-income households.

In a study* of Orange County's inclusionary housing program, the largest program in the state to include density bonuses, developers disagreed as to whether an internal subsidy was necessary to reduce the cost of the lower/moderate income units. Most developers agreed, however, that land cost was the primary factor which determined the economic feasibility of a density bonus program.

In the City of Palo Alto, which has had an inclusionary housing program since 1972, developers often pay an in-lieu fee rather than provide inclusionary housing units due to high construction (land) costs in Palo Alto.

The feasibility of density bonuses in Foster City will also depend on the cost of land in relationship to the amount of bonus (or other financial incentives) offered by the City.

**4. Bonus Incentives Plus Non-Mandatory Inclusionary Zoning
(Optional to developers outside of the Community Development Agency)**

The term "inclusionary zoning" is often used to define a technique by which communities encourage private development of low- and moderate-income housing by adding to the development approval process a check point

* Connerly & Associates, Inc. Inclusionary Housing in Orange County: A Look at the Preliminary Results (Sacramento: California Building Industry Association, April 1981).

where such units are mandated or subject to a negotiated alternative. The developer is allowed higher densities while a portion of the units are priced at cost. Either the Zoning or Subdivision ordinance could be used to require the development of low- and/or moderate-income housing as a percentage of each new housing project.

In some cases, density bonuses of 20 percent are permitted and 15 percent of the total number of units are to be priced at cost (i.e. unit construction costs plus financing; no land site improvement or marketing costs and no profit). This formula is estimated to lower unit costs by 30 percent for townhouse-type units and over 11 percent for typical apartments.

The use of density bonuses as a part of or separate from inclusionary zoning requires a means of assuring the continued affordability of the lower cost units. This is often done by trust deeds which restrict the rates of resale to increases in the Consumer Price Index plus major improvements.

5. Modifications in Zoning and Building Codes Reduced Amenity Packages to Further Lower Non-Essential Costs

This is another incentive for developers to provide lower cost housing. Unit size reductions, reduced "amenity" packages such as expensive fixtures and floor coverings, and reduced parking space requirements for senior housing can further lower costs.

6. Residential-Commercial Mix

A mix of residential and commercial uses in Metro Center could provide lower cost housing if commercial incentives such as an increase in floor area are offered. Even the addition of market rate rentals would help to ease the tight rental market. To encourage a residential-commercial mix, height or density can be increased when housing is provided. Further incentives can be provided if the housing proposed is lower cost housing.

7. Priority Processing Projects That Include Non-Market Rate Units

Generally, housing costs are increased the longer it takes for a development project to obtain the required number of approvals. Priority processing is used to get plans and permit applications for lower cost housing approved as rapidly as possible. This makes the development of lower cost housing more attractive to builders. To accomplish "fast track" processing, a policy can be developed to speed up processing for such projects. Such a policy would involve giving projects

that include non-market rate units priority in staff, Commission and Council review. The impact of this technique upon reduction of housing costs is uncertain. In San Mateo County, a conservative estimate of \$800 per unit in saving was assumed by the Planning Department in 1981 from expected permit review.

8. Review Industrial and Commercial Development Proposals

Proposals for new industrial and commercial development could be reviewed to determine if affordable housing will be available for future employees. There are private consultant and investment firms which arrange homeownership programs between employers and employees. The programs involve the employer and employee sharing equity in housing. This makes it possible for employees in the \$30,000 to \$45,000 moderate and middle income ranges in Foster City to afford housing. The employer assists with the downpayment and monthly payments are structured so that the employee gradually takes over more of the housing payments. This program enables employers to compete more effectively for moderate income key employees by placing them in homes at reduced entry costs. The employer also shares in the tax benefits and investment rewards of single-family homeownership without the usual landlord-tenant problems. This type of a program might be considered if a large development was proposed that would include many moderate and middle income employees. Such a program would involve either ownership housing at the site, similar to industrial parks in Palo Alto which have planned residential and industrial mix, or employer-assistance in the purchase of existing housing.

9. Regulation of Condominium, Stock Cooperatives, and Community Apartment Conversions

Lower cost housing that already exists could be maintained and conserved by regulating the conversion of rental units into condominiums. Conversion of rentals, while providing lower-cost ownership housing, also increases the level of competition for remaining lower-cost rental units. The negative impact of conversions is especially greater for lower-income households. However, where the majority of purchasers are tenants, demand is also decreased. Bay area communities have taken steps to regulate the rate of conversions to reduce pressure on the existing rental stock. Some of these regulations include:

- Prohibiting conversions if the vacancy rate falls below 5 percent.
- Limiting the number of conversions per year.
- Prohibiting conversions if the ratio of multiple family rental units to single-family homes, townhouses, and condominiums falls below a certain percentage.

- Requiring the availability of comparably priced housing.
- Requiring that a percentage of tenants purchase the units.
- Requiring that a percentage of the converted units be for low-income occupants.
- Extending leases for seniors.

Use of Subsidies to Reduce Housing Costs

1. Participation in the Community Development Block Grant Program.

Costs of new housing can be reduced further if the City participates in the Community Development Block Grant Program. These funds can be used for "land banking," i.e. the City purchases vacant land and sells it to the developer for a reduced price to construct lower cost housing, such as for Section 8 rental units. The money returned from the sale can be used to purchase more land or directed to other programs.

The City could also establish a position to administer and coordinate the housing program. Block Grant funds could be used to fund the position.

2. Participation in the Section 8 Housing Assistance Subsidies

These subsidies are available for rental units or limited equity co-ops as part of the 1974 Housing and Community Development Act. The funds go directly to a developer or non-profit sponsor, guaranteeing that the units are subsidized for the life of the mortgage. The developer obtains his or her financing, but the Section 8 allocations facilitate obtaining the financing. The Section 8 New Construction Program also allows higher rent levels than for existing units.

The City has agreed to participate in the Existing Section 8 Program. To qualify, a household must have an income of 80 percent or less of the County's median income. This figure is adjusted for family size. The Section 8 Program establishes "fair market" rent levels, including utilities. These levels are the maximum a unit can rent for to be eligible for the program.

The HUD maximum rents as of March, 1984 for units in San Mateo County are as follows:

<u>Studio</u>	<u>1 Bedroom</u>	<u>2 Bedroom</u>	<u>3 Bedroom</u>	<u>4 Bedroom</u>
\$409	\$471	\$577	\$787	\$851

Although some units are available within the fair market rents (See Figure 12), the majority of rental units in Foster City are above the fair market rents established by HUD. Large families in particular would have difficulty locating units within the fair market rent level.

Over the next five years few new Section 8 commitments would likely be available in San Mateo County as the federal government gradually phases in a housing voucher program to replace the Section 8 program. Under the voucher program, emphasis would be on the use of existing housing to meet lower-income housing needs.

Promotion of Accessibility to Housing

Elimination or Reduction of Discrimination

1. To discourage illegal forms of discrimination the City can seek better state and federal enforcement of fair housing laws and it can cooperate with local agencies that investigate claims of discrimination. This cooperation would involve strong policy statements by the City or an information and referral service can be established to handle complaints. Also, Block Grant funds can be used to provide private agencies with funds to continue their operations.
2. When additional multifamily units are constructed, preference can be given to developers who have planned and designed buildings that accommodate children. Changes can be made in the subdivision approval process and zoning ordinance to encourage the provision of family units.
3. In the event conversions occur, priority can be given to those developments which have units designed for families.
4. Codes and standards can be revised to promote architecturally accessible housing for the handicapped. State handicapped accessibility standards will be enforced.
5. An investigation into the extent of discrimination against those with different sexual preferences can be undertaken. If the information obtained supports claims of this type of discrimination, an ordinance can be proposed to prohibit discrimination on the basis of sexual preference.

Preservation of Housing Quality

Housing conservation programs can involve several processes: code enforcement, education, and financial assistance. Education allows homeowners to be aware of measures to guard against problems associated with deterioration. Code

enforcement identifies problem situations, and financial assistance enables lower-income owners to make repairs. The following are several alternatives for preserving Foster City's high standards of housing quality.

Code Enforcement Programs

Code enforcement refers to zoning and building violations, which sometimes overlap as in the case of illegal room additions. The Zoning Ordinance is concerned primarily with illegal structures or uses while the Building Code is concerned with construction violations. The most prevalent type of code enforcement used by localities is described as complaint-response. This procedure involves investigation of zoning violations by City staff based upon complaints from neighbors or tenants. This practice is followed by Foster City. When a violation is reported there are several on-site investigations. If, in fact, a violation is occurring, a letter is sent to the building owner and, depending on the response, the matter may be referred to the City Attorney. The following table shows the types of code violations reported.

A mandatory Building Code enforcement program would involve the hiring of an inspector to make interior and exterior home inspections to determine the existence of Building Code violations.

Another type of code enforcement is a concentrated approach which is directed to specific neighborhoods. Foster City has conducted a systematic field investigation of zoning violations visible from the street.

In January and February, 1980 the City Planning staff conducted a Citywide survey of illegally stored vehicles: recreational vehicles, campers, camper shells, trailers, boats, and disabled vehicles. There were 120 violations identified.

Pre-Sale Code Enforcement, which requires a city inspection prior to sale or rental, provides still another method of insuring the continued maintenance of a city's housing stock.

Voluntary home surveys are offered by some localities to provide free code inspections to owners and buyers. The Foster City Fire Department currently conducts a voluntary home inspection program. Each year about 28% of the homes are inspected for fire safety. The Fire Department provides this service by going directly to the homes to offer on-site inspections. Due to its limited staff the Building Department limits phone requests for home inspections to cases where there are apparent major construction problems. Since the law requires major structural, health or safety violations to be reported, mandatory or voluntary code enforcement programs are not popular with owner-sellers who are concerned with incurring additional expense. Some California cities do require a disclosure of conditions that require certain code-related information to be revealed to buyers of homes before purchase. This type of program offers buyers special protection.

Rehabilitation Assistance Programs: Grants and Low Interest Loans

Rehabilitation Assistance Programs have several advantages. They provide financial incentives to homeowners to maintain their dwellings and make repairs, they minimize the negative effects of code enforcement programs by providing financial assistance to owners required to make repairs. The expenses associated with repairs are reduced, especially for low-income households.

There are various types of rehabilitation assistance programs. Direct grant programs are for the lowest income groups and provide subsidies with no payback of funds. Other loan programs that are connected with local financial institutions use public funds to reduce the market interest rate on home repair loans. These programs can be difficult to administer and take a considerable amount of city time. A rebate program provides homeowners with rebates upon completion of repairs. This program can be instituted for low-income families only or to provide incentives for all families to upgrade a specific neighborhood. It can also involve a reduction in permit fees.

Funds for rehabilitation assistance programs are available under the Community Development Block Grant Program. Also, the California Housing Finance Agency has funds for rehabilitation loans. The Marks-Foran Residential Rehabilitation Act of 1973 allows cities to sell revenue bonds for rehabilitation loans and SB 99 (1975) allows redevelopment agencies to issue revenue bonds in order to provide long-term, low interest loans to finance residential construction in redevelopment areas.

Education in Home Maintenance

A program similar to the energy audits conducted by the Pacific Gas and Electric Company could be designed to provide home maintenance education to homeowners. Such a program could present information on how to make simple repairs, prevent insect infestation, and insure proper maintenance and servicing of equipment. This educational information could be disseminated in pamphlets and lectures. A list of volunteers to help with home repairs or home repair problems could be maintained.

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